



STATE OF MARYLAND  
DEPARTMENT OF BUDGET AND FISCAL PLANNING

HARRY HUGHES  
GOVERNOR

SAMUEL W. BOGLEY  
LT. GOVERNOR

MEMORANDUM

THOMAS W. SCHMIDT  
SECRETARY

H. LOUIS STETTLER, III  
DEPUTY SECRETARY

August 17, 1981

TO: All Secretaries and Agency Heads

FROM: Department of Budget and Fiscal Planning *HLSM*

SUBJECT: Special Payments Payroll



Enclosed is a copy of the report entitled "Recommended Statewide Special Payments Payroll Policies and Procedures" dated September 1980, prepared by the Special Payments Payroll Task Force. This request has been reviewed and approved by the Secretary of Personnel, the Secretary of Budget and Fiscal Planning, and the Comptroller of the Treasury. A Special Payments Payroll Implementation Task Force has been appointed to translate the report recommendations into an operational payroll system.

In an effort to minimize implementation problems, you are requested to review the report to assess problems peculiar to your agency. If you identify any implementation problems or if you wish to discuss the impact on your agency's operation, you are urged to contact Mr. Carl Beritela at 269-2470 (MARCOM 224-2470) before September 15, 1981 to set up an appointment with the Implementation Task Force to present your concerns. The Implementation Task Force is chartered to implement a system with maximum utility for all users, consistent with the requirements of the law and good management practice. In the absence of any response from you by September 15, 1981, the Task Force will proceed under the assumption that your agency is in total agreement and endorses the recommendations contained in the report.

HLS:ah

Enclosure

Recommended statewide  
special payments payroll  
Md. Y 3. Sp 74 :2/G /981  
Maryland. Special Payments  
Payroll Implementation Task



COMPTROLLER OF THE TREASURY  
CENTRAL PAYROLL BUREAU  
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STATE TREASURY BUILDING  
ANNAPOLIS, MARYLAND 21404

LOUIS L. GOLDSTEIN  
COMPTROLLER  
J. BASIL WISNER  
CHIEF DEPUTY  
EDWIN G. GREENBERG  
DIRECTOR

September 26, 1980

Honorable Louis L. Goldstein  
Comptroller of the Treasury  
State Treasury Building  
Annapolis, Maryland 21404

Theodore E. Thornton, Sr., Secretary  
Department of Personnel  
301 West Preston Street  
Baltimore, Maryland 21201

Thomas W. Schmidt, Secretary  
Department of Budget & Fiscal Planning  
State Treasury Building  
Annapolis, Maryland 21404

Gentlemen:

The Task Force on Special Payments Payroll is pleased to submit this final report of our "Recommended Statewide Special Payments Payroll Policies and Procedures". This report is a synthesis of the work of the task force since it was chartered on January 4, 1980 to formulate and recommend policies and procedures governing the use of Special Payments Payroll consistent with the requirements of Article 64A, Section 15A entitled "Contractual Employees".

In order to carry out its mandate, the Task Force has:

1. Reviewed the results of previous study efforts, identifying the deficiencies of the current special payments payroll (SPP) process:
  - a. "Management Analysis Study of Contractual Employment and Related Special Payments Payroll Procedures" prepared by Department of Budget and Fiscal Planning and dated September 1978.
  - b. "System Requirements Analysis - Statewide Payroll System" prepared by the Central Payroll Bureau and dated December 1977.

- c. "Recommendations for Enhancements to the Special Payments Payroll Processes" prepared by Peat, Marwick, Mitchell & Co. and dated June 1979.
2. Circulated a draft version of this report to you on March 31, 1980 and taken your comments into consideration in this final report.
3. Drafted a comprehensive policy which we believe addresses all the major issues, and
4. Drafted procedures for implementing the new policy.

The attached report is a comprehensive document which contains a brief summary in the first section of the details that follow.

It is important to note that the policies and procedures are strongly oriented to post-audit review with the data collected during the authorization and payment process. It is the strong belief of the undersigned that they have recommended a balanced approach which can work in the present resource climate.

The Task Force recommends that should its report be acceptable to you, a Special Payments Payroll Implementation Group be appointed to act as your representatives in translating the new concept into a viable, operational data system. It should be recognized that a period of about twelve months will be required for full implementation after receipt of your approval. Official publication of the regulation and supporting procedures should be coordinated with the implementation of the revised Special Payments Payroll System.

The Task Force is prepared to meet with you to resolve any issues that remain unclear.

Sincerely,

*Edwin G. Greenberg*  
Edwin G. Greenberg, Chairman

*Gary C. Abrams*  
Gary C. Abrams, Member

*Carl A. Beritela*  
Carl A. Beritela, Member

EKG:cew

Attachment

cc: Mr. J. Basil Wisner  
Mr. H. Louis Stettler, III  
Mr. Otto A. Klier

RECOMMENDED STATEWIDE  
SPECIAL PAYMENTS PAYROLL  
POLICIES  
AND  
PROCEDURES

by  
SPECIAL PAYMENTS PAYROLL TASK FORCE

Edwin G. Greenberg, Chairman  
Director, Central Payroll Bureau  
Comptroller of the Treasury

Gary W. Abrams, Member  
Department of Personnel

Carl A. Beritela, Member  
Department of Budget & Fiscal Planning

FINAL REPORT  
SEPTEMBER, 1980

RECOMMENDED STATEWIDE SPECIAL PAYMENTS PAYROLL  
POLICIES AND PROCEDURES

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I. EXECUTIVE SUMMARY



I. EXECUTIVE SUMMARY

A. A regulation has been drafted to be published by the Secretary of Personnel at the direction of the Board of Public Works that:

1. Implements Article 64A, Subsection 15A of the Annotated Code of Maryland.
2. Requires the use of Special Payments Payroll to pay contractual personnel who have an employer-employee relationship with the State.
3. Requires adequate budgetary funding before contract award. All funds must be budgeted and expended from Object 02, Technical and Special Fees.
4. Requires a separate contract with each employee.
5. Requires submission of appropriate withholding tax documents at the time of authorization for payment.
6. Requires all contracts to be written and meet minimum standards.
7. Specifies the term of any contract as the duration of expected employment.
8. Provides for exemptions from pre-employment review of the contract under certain specific conditions.
9. Provides recruitment and selection guidelines.
10. Mandates that expenses for contractual employees be paid on an expense account.
11. Specifies fringe benefits are not applicable to contractual employees except that paid leave may be provided after six months employment. Voluntary deductions are not permitted except deferred compensation, United Fund/CICHA and Savings Bonds. Health insurance and other employer paid or shared benefits are not permitted except their absence can be considered in establishing an appropriate compensation.
12. Specifies that payments be made bi-weekly based upon hours or days actually worked.
13. Provides for post-audit of instances of contractual employment and reports to the General Assembly.



14. Provides for deviation from provisions of the regulation with the prior approval of both the Department of Personnel and the Department of Budget and Fiscal Planning when it is in the best interest of the State.
15. Includes permissive language to allow the Department of Personnel and/or the Department of Budget and Fiscal Planning to require periodic agency submission of plans for the use of contractual employment. Actual agency use of contractual employment could be measured against these plans.

B. A procedure implementing the regulation has been drafted that:

1. Prescribes submission of an authorization form and supplemental information, if required, a minimum of two weeks in advance of the beginning of the first pay period worked to allow time to obtain the necessary approvals and put the employee on the payroll, if approved.
2. Establishes a single point of control and contact in the Central Payroll Bureau to receive and process the authorization. The Department of Budget and Fiscal Planning and Department of Personnel reviews, if required, would be coordinated by the Central Payroll Bureau.
3. Requires positive time reporting, i.e. agency reporting of hours or days worked or on paid leave.
4. Provides automatic feedback on the preprinted positive time report of hours or days remaining on the contract, dollars remaining, contract expiration date, and messages that indicate when contract limits are being approached.
5. Precludes payment when insufficient hours or days, dollars, or time remain on the contract.
6. Provides for an annual report of contractual employment in terms of full time equivalents and categories of individuals.
7. Provides for incentive awards payments through the Special Payments Payroll.

## II. BACKGROUND

## II. BACKGROUND

Contractual employees of State agencies have been paid through the Special Payments Payroll (SPP) since 1959. Such employees are not highly visible in the sense that they are not normally included in counts of the State work force. The State work force is normally described in terms of classified and unclassified employees occupying authorized positions.

Through the years, various policy decisions and unique situations have resulted in a SPP process which does not have effective control procedures and consistent policies.

Article 64A, Subsection 15A of the Annotated Code of Maryland was enacted by Chapter 1,000 of the Acts of 1978, effective July 1, 1978. This law amended Article 64A to provide for the treatment of persons "employed by contract to render a temporary special service for the State".

Under Section 15A of Article 64A the major provisions include:

1. Definitions of "contractual employee" and "employer-employee relationship".
2. The requirement that Executive Branch agencies may not execute or renew a contract for the employment of a contractual employee unless the need for contractual employment is certified by the Secretary of Personnel or is exempted from certification by him.
3. The provision that the Secretary of Personnel may limit the effective term of such certification.
4. The requirement that recruitment and selection of contractual employees be conducted according to guidelines developed by the Secretary of Personnel.
5. The requirement that the Secretary of Personnel periodically audit a sample of instances of contractual employment to determine whether or not justification exists for the continuation of certification and whether required recruitment and selection guidelines have been followed.
6. The requirement that the Secretary of Personnel include in his Annual Report to the Governor and General Assembly information concerning certification, exemption, and auditing of contractual employment during the prior fiscal year.

On January 4, 1980, the Comptroller, the Secretary of Personnel, and the Secretary of Budget and Fiscal Planning chartered a Task Force with representation from the three organizations to address all policy issues with regard to Special Payments Payroll.

### III. SPECIAL PAYMENTS PAYROLL SYSTEM CONCEPT

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The SPP task force considered the contents of all previous study efforts and, based upon identified deficiencies of the current SPP process, has developed a recommended system concept. This concept embodies firm controls and addresses the major concerns of all parties to the approval and payroll process.

The concept is as follows:

- A. A Comprehensive Authorization Form - An authorization document has been designed which has the following features:
  - 1. Identifies the authorizing agency, and appropriate accounting and labor cost distribution data.
  - 2. Provides employee specific data, including name and address, county of residence, and social security number.
  - 3. Provides contract data, i.e. a specific contract control number, total value of the contract, beginning date of employment, and ending date of employment.
  - 4. Exemptions from Control Agency Review are provided for and categorized.
  - 5. Control Agency Review steps, when required, are detailed on a separate supplemental authorization form.
  - 6. One subtlety of the authorization is that students, patients, and inmates are categorically FICA exempt and ineligible for unemployment insurance. This represents a potential savings of State funds.
- B. Routing of Authorizations - The SPP authorization document would always be submitted to the Central Payroll Bureau (CPB). The Department of Budget and Fiscal Planning (DB&FP) and Department of Personnel (DOP) reviews, when required, would take place afterward. This will provide the agencies with a central point for inquiry if they need the current status of their request. The steps would be as follows:
  - 1. CPB receives authorization from the Agency.
  - 2. CPB assigns Contract Control Number.
  - 3. CPB logs the receipt.
  - 4. If exempt from Control Agency Review, CPB posts to SPP master file, completes the authorization, logs the action and sends copy back to the agency.

5. If not exempt from Control Agency Review, CPB forwards to DB&FP, and logs the action.
6. DB&FP reviews in 3 days and returns to CPB.
7. If disapproved, CPB logs the action and returns disapproved authorization to the agency.
8. If approved, CPB logs the DB&FP approval and forwards to DOP.
9. DOP reviews in 5 days and returns to CPB.
10. If disapproved, CPB logs the action and returns disapproved authorization to the agency.
11. If approved, CPB logs the DOP approval, posts to the SPP master file, completes the authorization, logs the action and sends copy back to the agency.

NOTE:

This schedule may be revised based upon experience but represents the best balance between the need of the agencies for prompt action and the control agencies' need for review time.

- C. Positive Time Report - This form is both an input and output report. As an output report, it is provided to the agency both as a means to input time reports and as an indication of the status of the contract. While it is still entitled positive time report, no employee would be paid unless the master file was updated through the authorization process. The positive nature of the time report will require the agency to report hours or days in a pay status in every case where payment is to be made.

Columnar meanings of the PTR as a preprinted output report are:

6. Contract Control Number - The number assigned by CPB to the contract. It is posted to the file only after the authorization is approved, either as an exception to control agency review or after control agencies have approved. As noted before, the agency can inquire to CPB on the status of an action in process.
7. Name of Employee - From authorization.
8. Social Security Number - From authorization.
9. Status - Hourly or daily from authorization.



10. Regular Pay Rate - Preprinted rate per hour or day from the authorization.
11. Agency Control Number - Preprinted number assigned by the agency from the authorization.
19. Hours Remaining - Hours remaining as of the last payperiod.
20. Dollars Remaining - Dollars unspent as of the last payperiod.
21. Contract Expiration Date - Contract end date from the authorization.
22. Messages - Message will be printed in a priority sequence. Each condition will be tested in sequence and the single message, if any, that applies will be printed.

Columnar meanings of the PTR as an input document are similar to the time report used for the regular payroll exception time report.

- D. Contractual Payroll Report - This is conceptually a multi-purpose report from the SPP system. Since the data elements normally desired can be displayed on one line, the report can be sorted into several sequences for different uses. It can be run for variable periods of time but would always be run at the end of each calendar year. By retaining copies of files, it can be run for fiscal periods.

The data elements shown which are from the authorization:

1. Agency
2. Location
3. Program
4. Contract Control Number
5. Name
6. SSN
7. Category
8. Statute
9. Begin Date
10. End Date
11. Dollar Ceiling Amount
12. Hours/Days on Contract



The data elements shown which are collected from the payment data:

13. Hours/Days Expended on Contract
14. Dollars Expended on Contract

The run options envisioned are:

1. By running the report in agency sequence we can total by numbers of contracts, hours and dollars for each agency as well as grand totals. This can provide the Full Time Equivalent data that is desired.
2. By running the report in social security number sequence, multiple employments of the same person can be highlighted and numbers of different individuals can be counted.
3. Since a category is on the application, totals can be derived for numbers, hours and dollars for each category. This will provide a basis for reporting to the Legislature.
4. By running a detailed report of all claimed statutory exceptions, all of the statutes claimed can be displayed for post-audit purposes.
5. A statewide list of incentive award payments can be obtained by listing all the payments of that category. The SPP process is used as the means of cutting a separate check for formal presentation to the employee. These payments would be identified by giving them a unique category code.

E. Regulation and Procedures

1. A regulation that implements Article 64A, Subsection 15A provides the basic guidance.
2. A procedure that supports the regulation describes the forms and steps to be taken by the State agency.

- F. Fiscal Exemption - In addition to the policy exemptions provided, the task force recognized that the present level of DOP and DBFP staffing would not permit the proper review of all contracts in a timely fashion. The concept of a fiscal exemption was adopted as a practical way of eliminating low dollar value contracts which do not otherwise qualify for exemption from prior control agency review and approval. They would be subject to post audit.

The specific dollar threshold recommended is that the total contract cost does not exceed the base annual salary of the lowest graded State employee. In addition the rate of remuneration must not exceed that of the base of a salary grade 13.

The Task Force considers that this threshold concept is viable when the data of calendar 1979 are reviewed, Exhibit III-1. It should be recognized that these data are based upon total remuneration on the Special Payments Payroll (SPP) per employee and not by contract. In addition, the rate of remuneration rule could not be tested because only gross earnings are currently reported in the SPP system.

Given the limitations of the data and the inability to quantify the rate of remuneration rule, the results undoubtedly overstate the impact of the fiscal exemption. The task force strongly believes that the concept is viable and that dollar thresholds and rate of remuneration limits can be adjusted after a period of operating experience. Initially, the recommendation for fiscal exemption is for contracts where:

1. the person is not employed under any other contract with the contracting agency and,
2. the hourly or daily rate of remuneration specified in the contract does not exceed the comparable hourly or daily rates for base salary of a grade 13 and,
3. the total contract cost does not exceed the base annual salary of the lowest graded State employee.

## EXHIBIT III-1

ANALYSIS OF SPECIAL PAYMENTS PAYROLL  
FOR CALENDAR YEAR 1979

	<u>TOTAL EMPLOYEES<sup>2</sup></u>	<u>TOTAL EARNINGS<sup>3</sup></u>	<u>PERCENT EMPLOYEES</u>	<u>PERCENT EARNINGS</u>
FICA Exempt Employees <sup>1</sup>	5,520	3,827,241	29.43	15.94
Legislative & Judicial Employees	1,493	2,511,902	7.96	10.46
All Others on SPP CY '79	11,741	17,669,590	62.61	73.60
Total SPP CY '79	18,754	24,008,733	100.00	100.00
All Others on SPP CY '79				
\$1000 or less	8,032	2,212,361	68.41	12.52
1000.01 to 2000	1,489	2,158,167	12.68	12.21
2000.01 to 3000	666	1,635,187	5.67	9.25
3000.01 to 4000	361	1,256,323	3.07	7.11
4000.01 to 5000	254	1,142,442	2.16	6.47
5000.01 to 6000	205	1,123,747	1.75	6.36
6000.01 to 7000	149	963,796	1.27	5.45
7000.01 to 7600	59	431,465	0.50	2.44
Over 7600	526	6,746,102	4.48	38.18
	11,741	17,669,590	100.00	100.00
Cumulative Totals				
\$1000 or less	8,032	2,212,361	68.41	12.52
1000.01 to 2000	9,521	4,370,528	81.09	24.73
2000.01 to 3000	10,187	6,005,715	86.76	33.99
3000.01 to 4000	10,548	7,262,038	89.84	41.10
4000.01 to 5000	10,802	8,404,480	92.00	47.56
5000.01 to 6000	11,007	9,528,227	93.75	53.92
6000.01 to 7000	11,156	10,492,023	95.02	59.38
7000.01 to 7600	11,215	10,923,488	95.52	61.82
Over 7600	11,741	17,669,590	100.00	100.00

ANALYSIS OF SPECIAL PAYMENTS PAYROLL  
FOR CALENDAR YEAR 1979NOTES:

1. FICA exempt employees are assumed to be students, patients, or inmates.
2. Employees and not contracts are displayed since contract totals are not in current SPP system.
3. Earnings are reported in gross amounts. Rate of remuneration is not in current SPP System.

IV. REGULATION FOR USE OF SPECIAL PAYMENTS PAYROLL  
TO PAY CONTRACTUAL EMPLOYEES

IV. REGULATION FOR USE OF SPECIAL PAYMENTS PAYROLL TO PAY CONTRACTUAL EMPLOYEES

This regulation is proposed for issuance by the Department of Personnel as a personnel related Board of Public Works regulation. The statutory guidance is included in Article 64A (Merit System) and Article 78A (BPW) of the Annotated Code.

Department of Personnel - Office of the Secretary requests adoption by the Board of Public Works, consistent with Sections 10 and 68 of Article 78A of the proposed regulation entitled "Contractual Employees". The proposed regulation mandates the use of Special Payments Payroll to pay contractual personnel who have an employer-employee relationship with the State and sets forth policies and standards which effectively implement the requirements of Section 15A of Article 64A entitled Contractual Employees. The proposed regulation prescribes minimum contract standards, recruitment and selection guidelines, a statewide policy regarding fringe benefits for contractual employees, and a post-audit of instances of contractual employment to verify compliance with the regulation.

The Board is requested to direct that these regulations be published in the Code of Maryland Regulations in Title 6 in accordance with the Administrative Procedures Act, with an effective date coincident with final publication in the Maryland Register. The procedures and forms implementing the regulation will be published as Chapter VIII of the Payroll Procedures Manual for Use by State Agencies published by the Central Payroll Bureau of the Office of the Comptroller.

## CONTRACTUAL EMPLOYEES

Authority: Article 64A, Subsection 15A of the  
Annotated Code of Maryland

### .01 PURPOSE

These regulations set forth the policies and standards adopted by the Board of Public Works for employment of contractual employees by all State agencies.

### .02 DEFINITIONS

- A. DBFP - Department of Budget and Fiscal Planning
- B. DOP - Department of Personnel
- C. CPB - Central Payroll Bureau of the Comptroller of the Treasury
- D. SPP - Special Payments Payroll
- E. Contract - A contract includes memoranda, understandings, and other exchanges of promise which obligate the State of Maryland.
- F. Contract Amendment - Any change to the original contract that modifies the period of performance, rate of remuneration, or total cost.
- G. Control Agencies - The Department of Budget and Fiscal Planning and the Department of Personnel perform the functions of fiscal and policy control, respectively, with regard to contractual employees.
- H. Contractual Employee - Means a person providing personal services to the State for remuneration provided that:
  - 1. The services and remuneration are specified in an agreement;
  - 2. An employer-employee relationship exists; and
  - 3. The person is not employed as a classified, unclassified or temporary extra employee unless approved as secondary employment under COMAR 06.01.01.54.
- I. Employer-Employee Relationship - Means conditions of employment such that:



1. The State has the right to control and direct the performance of services not only as to results but also as to details and means;
  2. The State has the right to discharge the employee; and
  3. The State furnishes necessary tools and a place to work.
- J. State Agency - State agency includes all organizational entities of the Executive Branch of Maryland State Government.
- K. Funds Identified and Available - Funds identified and available are funds which, at the time the contract is initiated, are to the credit of the State agency and are contained within the proper object of expenditure, and either the contractual subject is addressed in the specific line item detail of the annual budget or the printed budget document's narrative Program and Performance Statement reasonably embraces the contractual subject in a directly connected programmatic way.
- L. Statutory Exception - The exception (specified in the Annotated Code or other statute or law) of a State agency from the requirement for approval of contractual employment arrangements by either DOP or DBFP.
- M. Policy Exception - Exception as a matter of control agency policy of a particular kind of contractual employment from the requirement for prior control agency review and approval.
- N. Fiscal Exception - Exception as a matter of control agency policy of contractual employment from the requirement for prior control agency review and approval of contracts in accordance with Section .04J of this regulation.

### .03 APPLICATION

These regulations apply to contracts and contract amendments of State agencies, payable from any fund source (including non-budgeted funds and reimbursable funds) to procure the services of contractual employees.

### .04 POLICY

- A. The Special Payments Payroll shall be the only method used to pay contractual employees as defined in Section .02H of this regulation. Persons, providing services to a State agency under terms of a contract between the State agency and a contractor where an employee-employer relationship does not exist, may not be paid via the Special



1

Payments Payroll. Payments for such services shall be made to the contracting entity via the transmittal process in accordance with COMAR 17.01.01.

- B. Funds shall be identified and available, as defined in Section .02K of this regulation in order for the State agency to authorize the Central Payroll Bureau to make payment via the Special Payments Payroll. The initial authorization for payment on any such contract or agreement shall include a statement by the State agency head (or his/her designee) certifying availability and identifying the source of funds in the agency budget.
- C. If funds are not identified and available for any particular contract payable by use of the Special Payments Payroll, the State agency involved shall obtain written approval from the Secretary of the Department of Budget and Fiscal Planning prior to the execution of such contract.
- D. No more than one person may be employed under one contract.
- E. Any payment authorized by any State agency to any employee via the Special Payments Payroll shall be traceable to a specific contract which meets the standards set forth in Section .05 of this regulation.
- F. State agencies are responsible for obtaining properly executed employee payroll authorizations for withholding federal and state income taxes applicable to the earnings of employees being paid via the Special Payments Payroll. Such documents shall be forwarded to the CPB at the time of the initial authorization for payment on the Special Payments Payroll. The State agency shall notify CPB of any changes in the withholding authorizations of contractual employees by submitting new authorizations showing the effective date(s) of the change(s). Similarly, FICA (Social Security) taxes will be withheld unless an exemption is filed with the CPB.
- G. Normally, contracts are for more than six months duration. Employment needs for six months or less duration should be handled as TE employment. The term of any contract subject to these regulations should be for the duration of expected employment. Contracts which extend beyond the current fiscal year are subject to the availability of funds as appropriated by the General Assembly of the State of Maryland.
- H. Any amendment of a contract:
  - 1. Shall be at the option of the State rather than the contractor, and
  - 2. must be approved by the control agencies before it is executed. The exemption provisions of Section .04J do not apply to contract amendments.

- I. Funds for use in paying contractual employees via the Special Payments Payroll shall be budgeted and expended under Object Code 02, Technical and Special Fees.
- J. All contracts payable via the Special Payments Payroll shall be submitted for review and approval by the Secretaries of the DOP and DBFP or their designees prior to the State agency authorizing payment under such contract. Approved exemptions from the prior approval requirement are:
  1. Contracts for employment of student labor. Students to be exempt must be regularly enrolled and regularly attending classes while in the employ of the school, college, or university. This exemption applies only during periods of regular school attendance, thus the exemption does not apply to work done during the summer unless the student is enrolled in a summer course.
  2. Contracts for employment of patient labor in a hospital.
  3. Contracts for employment of inmate labor in a custodial or penal institution, including State Use and Work Release programs.
  4. Contracts for direct emergency services calling for immediate action due to unforeseen circumstances threatening health, injury, loss of life or property loss or damage.
  5. Contracts for employment by the School for the Deaf relating to direct student services rendered on an on-call basis.
  6. Contracts for college faculty teaching courses taken for credit by students:
    - a. enrolled in a program leading towards a degree, or
    - b. for the purpose of acquiring or maintaining professional certification.
  7. Contracts where:
    - a. the person is not employed under any other contract with the contracting agency and,
    - b. the hourly or daily rate of remuneration specified in the contract does not exceed the comparable hourly or daily rates for base salary of a grade 13, and
    - c. the total contract cost does not exceed the base annual salary of the lowest graded State employee.

It is contrary to State policy to use this provision to award successive contracts to the same individual.

8. Contracts for the employment of persons by those State agencies exempted by statute from control agency review and approval of contractual employment.
  9. Contracts already approved by the Board of Public Works.
- K. An agency of the executive may not execute or amend a contract for the employment of a contractual employee unless it certifies to the Secretary of Personnel in writing that:
1. The employment of the contractual employee is for services that could not be rendered by assignment or hiring of a classified or unclassified employee; and
  2. The rate of remuneration for the contractual employee is comparable to the rate paid for positions in the classified or unclassified service involving comparable duties, responsibilities, experience, and authority; or
  3. The contractual employment is exempt from certification by statute or as a matter of control agency policy.
- L. Recruitment and selection of any contractual employee by an agency of the executive shall be conducted, to the extent feasible, as follows:
1. A reasonable effort shall be made by the contracting authority to publicly solicit applicants for the contractual employment;
  2. A reasonable effort shall be made by the contracting authority to screen and select contractual employees by methods and criteria which are uniformly applied to all applicants for any particular instance of contractual employment; and
  3. Utilization of selection criteria which are based upon qualifications of the applicant is required for contractual employees. These criteria shall exclude political or religious opinion or affiliation, marital status, race, color, creed, national origin, sex, physical or mental handicap, or age; except when sex, handicap, or age involves a bona fide job requirement.
- M. Expenses for a contractual employee will be paid in the same manner and at the same rates as for regular employees, i.e. using an expense account and through the transmittal process.
- N. Shift Differential, if appropriate under the definition of COMAR 06.01.01.14, will be a part of the rate of pay for the employee.
- O. Overtime will be payable through the Special Payments Payroll if appropriate under Federal Wage Hour Law and State of Maryland Overtime Policies for positions in the classified or unclassified service involving comparable duties, responsibilities, experience, and authority.

- P. Fringe Benefits are not applicable to contractual employees except paid leave may be provided after six months employment. Voluntary deductions are not permitted except deferred compensation, savings bonds and United Fund/CICHA. Health insurance and other employer paid or shared benefits are not permitted except their absence can be considered in establishing an appropriate compensation.
- Q. Contracts requiring control agency approval prior to the commencement of employment must be submitted for review and approval as soon as possible to allow reasonable time for review, but in no event less than 10 working days prior to the implementation of the proposed action.
- R. The Secretary of Budget and Fiscal Planning and/or the Secretary of Personnel may require that an agency submit an annual plan for the use of contractual employment in the performance of its responsibilities. The plan shall contain such information in the detail deemed necessary by either Secretary to assist the control agency in expediting the review process.
- S. When it is in the best interest of the State, deviations from these policies may be granted with the explicit approval of both the Secretary of Personnel and the Secretary of Budget and Fiscal Planning. Such approval must be obtained prior to contract award.
- T. If an agency has repeatedly and/or purposefully violated these regulations, the Secretary of Personnel and/or the Secretary of Budget and Fiscal Planning may require that all subsequent employment contracts awarded by the offending agency have explicit control agency approval prior to award.

.05 CONTRACT REQUIREMENTS

- A. Every contract, or every contract form in the event an agency standard form is developed, shall be approved by the Office of the Attorney General as to form and legal sufficiency.
- B. All contracts shall be written and shall contain, as a minimum, the following elements:
  - 1. A statement of the specific purpose of the contract and a scope of services adequate to inform not only the contractor, but also any third person, without special knowledge of the background of the contract, exactly what the contractor is expected to accomplish.
  - 2. The work site(s) shall be identified.

3. Specification of the period covered by the contract, with definite starting and completion dates for the delivery of services specified in the scope of services.
4. Identification of the parties to the contract (title and organization) including correct legal identity of the individual involved in performance of the contract.
5. Specification that payments will be made bi-weekly based upon hours or days actually worked.
6. If provided, a specification regarding the type and rate of accrual of paid leave.
7. Specification that shift differential, if applicable, will be included in the rate of pay.
8. Specification of overtime eligibility. If it is provided that overtime may be paid, the employee will be remunerated only on an hourly basis and the agency's method for computing overtime will be stated.
9. A statement that direct reimbursement of expenses, when provided for, shall be paid in the same manner and at the same rates as for regular employees, i.e. using an expense account and through the transmittal process.
10. A statement that the State will withhold taxes and employee social security contributions as required by law. The State will match social security contributions as required by law.
11. A procedure for positive time reporting by all contractors. Sign-in and sign-out procedures shall be required.
12. A termination clause to the effect that the contract may be terminated at any time for the convenience of the State.
13. A notification that amendments must be in writing.
14. A statement that all records, documents, reports, and other work products developed in the performance of the contract shall be the property of and available to the State for its use without payment of royalty or additional cost and shall not be the subject of an application for a copyright or patent by or on behalf of the contractor.
15. Designation, by name and title or position with the agency, of a contract monitor, who shall be personally familiar with the progress of the contract throughout its duration and to whom problems or disputes arising under the contract shall be referred first.



16. A statement that Maryland law will govern.
17. A statement that contracts are subject to the availability of funds as appropriated by the General Assembly of the State of Maryland.
18. A statement that voluntary deductions are not permitted except deferred compensation, savings bonds and United Fund/CICHA.
19. Each contract shall include an affidavit that the contractor, in conformity with Article 78A, is not disqualified under Section 16D (b) and has notified the State agency as appropriate under Section 16D (c) and (h).

.06 AUDITS

- A. The Secretary of Personnel periodically will audit a sample of instances of contractual employment in the various agencies of the executive to determine whether justification exists for continuation of the prior certification, and to determine whether the recruitment and selection guidelines have been followed.
- B. If, as the result of an audit, the Secretary determines that the services being performed by a contractual employee should be performed by an employee in the classified service, he will refuse to renew the certification and recommend to the Department of Budget and Fiscal Planning in accordance with Article 64A, Section 15A (e) that a classified position be established.
- C. If, as the result of an audit, the Secretary determines that the recruitment and selection guidelines have not been followed, he will advise the contracting authority as to the nature of the deviation from the guidelines, and he shall suggest to the contracting authority alternate methods or criteria which would have resulted in compliance with the guidelines.

.07 REPORTS BY THE SECRETARY OF PERSONNEL

The Secretary of Personnel will include the following information regarding contractual employees in the annual reports to the General Assembly:

1. A summary by department of all contractual employment approved during the previous fiscal year;

2. A summary of the results of audits undertaken during the previous fiscal year;
3. A detailed report of any actions taken as a result of audits during the previous fiscal year; and
4. A listing of any policy exclusions granted during the previous fiscal year.

.08 FORMS AND PROCEDURES

The appropriate forms and procedures will be published to all agencies and incorporated in the Payroll Procedures Manual for Use by State Agencies published by the Comptroller of the Treasury.



V. CHAPTER VIII OF THE PAYROLL PROCEDURES MANUAL FOR USE BY STATE AGENCIES

V. CHAPTER VIII OF THE PAYROLL PROCEDURES MANUAL FOR USE BY STATE AGENCIES

This is the procedural document to support the regulation. Section .08 of the regulation states "The appropriate forms and procedures will be published to all agencies and incorporated in the Payroll Procedures Manual for Use by State Agencies published by the Comptroller of the Treasury".

CHAPTER VIII  
SPECIAL PAYMENTS PAYROLL

CHAPTER VIII  
SPECIAL PAYMENTS PAYROLL

A. OVERVIEW

This chapter describes the payroll related functions of the Department of Personnel, the Department of Budget and Fiscal Planning, the Central Payroll Bureau, and State agencies with regard to employees that are paid by the Special Payments Payroll. The chapter is intended to clarify the relationship of these entities so that questions can be directed to the proper authority.

B. DEPARTMENT OF BUDGET AND FISCAL PLANNING

The Department of Budget and Fiscal Planning performs various budgetary and payroll oversight functions as mandated by Acts of the General Assembly. Specifically, the Department assures that sufficient funds have been appropriated or allocated for contractual employment.

C. DEPARTMENT OF PERSONNEL

The Department of Personnel performs various personnel and payroll related functions as mandated by Acts of the General Assembly. Included in the Department's responsibilities is the administration of Contractual Employees as stated in Article 64A, subsection 15A of the Annotated Code. Specifically the payroll functions of the Department of Personnel include but are not limited to:

- establishing policies, procedures and regulations pertaining to rates of compensation, recruitment and selection, and fringe benefits;
- processing Special Payments Payroll Authorizations received from Agency Personnel Offices; and
- exempting certain categories of contractual employees from prior approval for employment.

D. CENTRAL PAYROLL BUREAU

The Central Payroll Bureau is charged with paying all State employees. As such, the Central Payroll Bureau receives and processes all time, attendance, and deduction data necessary to pay contractual employees (via the Special Payments Payroll System).

E. STATE AGENCIES

State agencies have certain payroll related responsibilities which are necessary to provide accurate and timely processing of their employees' pay by the Central Payroll Bureau. Included in these responsibilities are the collection, maintenance, certification and reporting (via the Positive Time Report) of each employee's time and attendance data; the receipt, control and distribution of paychecks; and the monitoring of payroll reports provided by the Statewide Payroll System.

F. EMPLOYER-EMPLOYEE RELATIONSHIP

The use of the Special Payments Payroll System is only appropriate when an employer-employee relationship applies. Persons, providing services to a State agency under terms of a contract between the State agency and a contractor where an employer-employee relationship does not exist, may not be paid via the Special Payments Payroll. Payments for such services shall be made to the contracting entity via the transmittal process in accordance with COMAR 17.01.01.

Every individual who performs services subject to the will and control of an employer, both as to what shall be done and how it shall be done, is an employee. It doesn't matter that employer permits employee considerable discretion and freedom of action, so long as the employer has a legal right to control both method and result of the services.

While not always applicable, some of the usual characteristics of an employee are: The employer has right to discharge employee and the employer furnishes tools or materials and place in which to work.

Whether employer-employee relationship exists under usual common law rules will be determined in doubtful cases upon an examination of particular facts of each case.

An employer-employee relationship is usually considered to apply unless all 3 of following conditions are met: (a) worker is free from control or direction in performance of his work under his contract of service and in fact; (b) service is performed either outside usual course of business for which it is performed or is performed outside of all places of business of enterprise for which it is performed; and (c) individual is customarily engaged in independent trade, occupation, profession, or business.

G. TIMING OF INPUTS TO AND OUTPUT FROM THE SYSTEM

The Special Payments Payroll Authorization, CPB Form 311, (Exhibit VIII-1) and the Special Payments Payroll Authorization - Supplemental Information, CPB Form 312, (Exhibit VIII-2), when required, must be received in the Central Payroll Bureau (CPB) two weeks before the start of the pay period on which the change indicated on the form is to first be accounted for.

Exhibit VIII-1 (Front)

SPECIAL PAYMENTS PAYROLL AUTHORIZATION

Part I Employment Data		Contract Begin Date		Contract Control No. (CPB Assigned)		Agency Control No.	
01 <input type="checkbox"/> New Hire	03 <input type="checkbox"/> Amendment	/ /					
04 <input type="checkbox"/> Termination		Month Day Year					
Agency Appropriation Code Location Code		Contract End Date		Unit Within Agency		Agency Name	
/		/ /					
Month Day Year		Month Day Year					
First Name		Middle Init.		Last Name.		Suffix	
Social Security Number							
Address Line 1:				Address Line 2:			
City		State		Zip Code		County of Residence	
Rate of Pay		Per Unit (Hour or Day)		OT ELIG		Max. Units on Contract	
\$						Contract Maximum	
						Normal Period Hours	
						Termination Reason	
Document Distribution Code							
Check Distribution Code							
Agency Cost Center (Project)							
Program							
Primary Fund							
General Fund %							
Special Fund %							
Federal Fund %							
N.B. Fund %							
Reimbursable Fund %							

Exhibit VIII-1 (Back)

Part II Exempted From Control Agency Review  
(If not exempt, attach CPB Form 312)

A. Separation of Powers	B. Statutory	C. Policy
Legislative 41	Article 21, Section	Student 01 Patient 02
Judicial 51		Inmate 03 Energ. Serv. 04
D. Fiscal Exclusion - 31		Direct Student Services 05
		School for the Deaf
		College Faculty 06
		Previously approved by the Board of Public Works 07
		Special Authority (Attach justification) 08

The value of the contract is less than the base annual salary of the lowest graded State employee, the rate of remuneration does not exceed the comparable rate of the base salary of a grade 13 and the person is not employed under any other contract with this agency.

Part III Certifications

A. Employee

I understand that maximum Federal, State, and local taxes will be withheld if I do not file an appropriate employee withholding exemption certificate. FICA taxes will be withheld (except for students (01), patients (02), and inmates (03) checked in Section III) unless I file a FICA exemption certificate and that no voluntary deductions except for deferred compensation, charity, savings bonds, and recovery of advances are authorized. It is further understood that this employment cannot commence until receipt of required State approvals.

Signature of Employee

Date

B. Agency

I certify that sufficient funds are identified and available in the agency appropriation for contractual employment to support this expenditure. A copy of the contract will be maintained on file for post audit purposes.

Signature - Agency Head

Signature - Fiscal Officer

Name - Agency Head

Date

Part IV Authorization Execution (CPB Use Only)

This authorization was posted to the Central Payroll Bureau Special Payments Master File on \_\_\_\_\_.

Special Payments Payroll Supervisor

Date



Exhibit VIII-2 (Front)

Instructions:

1. Detailed guidance is found in Chapter VIII of the Payroll Procedures Manual for Use by State Agencies.
2. Please type.

CPB Form 312 - Special Payments Payroll Authorization - Supplemental Information

Required for contracts not exempt from control agency review.

Submit original and four copies, with a single copy of the MS-22 and the contract to the Central Payroll Bureau, P.O. Box 1751, Annapolis, MD 21404.

After execution one copy will be returned for filing in the agency file.

Agency Name: \_\_\_\_\_ Unit: \_\_\_\_\_

Appr. Code: \_\_\_\_\_

I. Employment Data

List name or names of employees, your agency control number, and contract value for each employee - ATTACH CPB FORM 311 FOR EACH EMPLOYEE.

<u>Name</u>	<u>Contract Max.</u>	<u>Agency Control No.</u>	<u>Contract Control No.</u> (Fill in for contract amendments, otherwise leave blank)
-------------	----------------------	---------------------------	---

Staple CPB 311 Here

II. Approval Block (Attach copy of contract and MS-22 for each employee.)

A. Agency

Description of Service: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Job Category: (Check only one)

☒ A Officials and Administrators

☐ B Professionals

☐ C Technicians

☐ D Protective Service Workers

☐ E Paraprofessionals

☐ F Office and Clerical

☐ G Skilled Craft Workers

☐ H Service/Maintenance

Purpose: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Justification for Requesting Services From Outside Sources: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Exhibit VIII-2 (Back)

I certify sufficient funds are available and have \_\_\_\_\_ have not \_\_\_\_\_ been specifically provided in the budget for contractual labor to support this expenditure. Funds to be used are presently budgeted under:

Budget Code: \_\_\_\_\_ Line Item: \_\_\_\_\_  
 Signature - Fiscal Officer \_\_\_\_\_ Date: \_\_\_\_\_

I certify to the Secretary of Personnel that a bona fide employer-employee relationship will exist between the State and the individual employed in the subject contractual employment position and appropriate withholding taxes should be deducted from the gross earnings of this individual. It has been further determined the services for which this contractual employee will be employed cannot be rendered by assignment or hiring of a classified or unclassified employee and that the rate of remuneration for the contractual employee is comparable to the rate paid for positions in the classified or unclassified service involving comparable duties, responsibilities, experience, and authority.

Signature - Agency Head \_\_\_\_\_ Date: \_\_\_\_\_  
 Name - Agency Head \_\_\_\_\_

B. Department of Budget & Fiscal Planning - Approval of Need

Request for Contractual Employment \_\_\_\_\_ Reviewed by: \_\_\_\_\_  
 \_\_\_\_\_ Approved \_\_\_\_\_  
 \_\_\_\_\_ Rejected \_\_\_\_\_ Signature - Budget Analyst \_\_\_\_\_  
 Reason for Rejection: \_\_\_\_\_ Name - Budget Analyst \_\_\_\_\_  
 \_\_\_\_\_ Date: \_\_\_\_\_

C. Department of Personnel - Approval of Contractual Employment

It has been determined that a bona fide employer-employee relationship will exist between the State and the individual employed in the subject contractual employment position and appropriate withholding taxes should be deducted from the gross earnings of this individual. It has been further determined the services for which this contractual employee will be employed cannot be rendered by assignment or hiring of a classified or unclassified employee and that the rate of remuneration for the contractual employee is comparable to the rate paid for positions in the classified or unclassified service involving comparable duties, responsibilities, experience, and authority.

Authorized rate of remuneration: \$ \_\_\_\_\_ per \_\_\_\_\_  
 Authorized effective term of contractual employment: \_\_\_\_\_  
 Beginning Date: \_\_\_\_\_ Ending Date: \_\_\_\_\_  
 Certified by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Secretary of Personnel  
 Request for Contractual Employment Rejected \_\_\_\_\_  
 Reason for Rejection: \_\_\_\_\_  
 \_\_\_\_\_  
 Rejected By: \_\_\_\_\_ Date: \_\_\_\_\_  
 Secretary of Personnel

This allows the CPB sufficient time to process the Form for necessary approvals and for input to the SPP, if approved. The Positive Time Report (PTR) must be completed by the agency and returned to the Central Payroll Bureau no later than the Thursday before payday to insure timely processing of the agency's payroll. Other payroll related documents such as tax and various deduction cards must be received in the Central Payroll Bureau by the Monday before the end of the pay period to be accounted for in processing the period's payroll. If a state holiday occurs between the deadline for an input document and payday, the deadline is moved up one day.

Outputs from the Statewide Payroll System produced as a result of processing the period's payroll are sent out to agencies so as to be received by the agencies no later than the Tuesday before payday.

#### H. SPECIAL PAYMENTS PAYROLL AUTHORIZATION PROCESS

The personnel authorization process is used to authorize and report changes in the description of a specific position. Such changes, known as personnel transactions, are entered by the Agency Personnel Office on a Special Payments Payroll Authorization, CPB Form 311 (Exhibit VIII-1). A CPB Form 311 exists for each Contract in each agency.

##### 1. Preparing the Special Payments Payroll Authorization (CPB Form 311)

###### a. Overview

The Special Payments Payroll Authorization (CPB 311) is a card sized form that can be filled out very simply by following the directions in this section which are keyed to Exhibit VIII-3. In the event that the Special Payments Payroll Authorization - Supplemental Information (CPB Form 312) is required, the following section provides the directions for completing it. A copy of the CPB 311 will not be returned but the information on it will be reflected on the next Positive Time Report prepared after its receipt in Central Payroll.

###### b. Part I, Employment Data

- (1) Action Code - This two digit code identifies the type of action being authorized. One (and only one) block must be checked.

New Hire (01) - Authorizes the establishment of a new employee under a new contract.

Amendment (03) - Authorizes new dollar limits or dates due to a contract amendment. A CPB Form 312 must be completed and attached by executive agencies for all contract amendments.

Termination (04) - Authorizes termination of the specified employee on this contract. Item 25 must also be completed.

Exhibit VIII-3 (Front)

SPECIAL PAYMENTS PAYROLL AUTHORIZATION

Part I Employment Data		Contract Begin Date		Contract Control No. (CPE Assigned)		Agency Control No.	
<input type="checkbox"/> New Hire <input type="checkbox"/> Amendment <input type="checkbox"/> Termination		/ /					
Action Code 03 1		Month Day Year		3		4	
Agency Appropriation Code Location Code		Contract End Date		Unit Within Agency		Agency Name	
5		/ /		8		9	
Social Security Number		First Name		Last Name		Suffix	
10		11		12		13	
		Address Line 1:		Address Line 2:		14	
City		State		Zip Code		County of Residence	
15		16		17		18	
Rate of Pay		Per Unit (Hour or Day)		OT ELIG		Max. Units on Contract	
22		23		24		25	
\$							
Document Distribution Code		Check Distribution Code		Agency Cost Center (Project)		Program	
29		30		31		32	
General Fund %		Special Fund %		Federal Fund %		N.B. Fund %	
34		35		36		37	
Reimbursable Fund %							
38							
City		State		Zip Code		County of Residence	
19		20		21		22	
Rate of Pay		Per Unit (Hour or Day)		OT ELIG		Max. Units on Contract	
23		24		25		26	
\$							
Document Distribution Code		Check Distribution Code		Agency Cost Center (Project)		Program	
29		30		31		32	
General Fund %		Special Fund %		Federal Fund %		N.B. Fund %	
34		35		36		37	
Reimbursable Fund %							
38							
City		State		Zip Code		County of Residence	
23		24		25		26	
Rate of Pay		Per Unit (Hour or Day)		OT ELIG		Max. Units on Contract	
27		28		29		30	
\$							
Document Distribution Code		Check Distribution Code		Agency Cost Center (Project)		Program	
31		32		33		34	
General Fund %		Special Fund %		Federal Fund %		N.B. Fund %	
35		36		37		38	
Reimbursable Fund %							
39							

Part II Exempted From Control Agency Review  
(If not exempt, attach CPB Form 312)

A. Separation of Powers

Legislative 41  
Judicial 51

B. Statutory 21

Article     , Section     

40

42

31

D. Fiscal Exclusion -

The value of the contract is less than the base annual salary of the lowest graded State employee, the rate of remuneration does not exceed the comparable rate of the base salary of a grade 13 and the person is not employed under any other contract with this agency.

C. Policy

Student 01

Inmate 03

Direct Student Services  
School for the Deaf

College Faculty

Previously approved by the  
Board of Public Works

Special Authority (Attach  
justification)

Patient

Emerg. Serv.

02

04

39

41

05

07

03

Part III Certifications

A. Employee

I understand that maximum Federal, State, and local taxes will be withheld if I do not file an appropriate employee withholding exemption certificate. FICA taxes will be withheld (except for students (01), patients (02), and inmates (03) checked in Section III) unless I file a FICA exemption certificate and that no voluntary deductions except for deferred compensation, charity, savings bonds, and recovery of advances are authorized. It is further understood that this employment cannot commence until receipt of required State approvals.

Date

43

Signature of Employee

B. Agency

I certify that sufficient funds are identified and available in the agency appropriation for contractual employment to support this expenditure. A copy of the contract will be maintained on file for post audit purposes.

44

Signature - Fiscal Officer

45

Signature - Agency Head

46

Date

Name - Agency Head

47

Part IV Authorization Execution (CPB Use Only)

This authorization was posted to the Central Payroll Bureau Special Payments Master File on \_\_\_\_\_.

Special Payments Payroll Supervisor

48

Date

Note: For changes of social security number, name, address or county after the initial authorization is established, contact the Central Payroll Bureau.

- (2) Contract Begin Date - this is the date the contract action becomes effective. Express in numerics, month/day/year, i.e. 02/09/82 for February 9, 1982.
- (3) Contract Control No. - Leave blank for all new hire authorizations. The Central Payroll Bureau will assign a Contract Control Number upon receipt. For contract amendments, fill in the Contract Control Number assigned to the original contract. A CPB Form 312 must also be completed by executive agencies for all contract amendments. Fill in for all contract terminations.
- (4) Agency Control Number - Each agency may assign a control number which facilitates its internal control processes.
- (5) Agency Appropriation Code - this code consists of the first six digits of the budgetary appropriation code identifying your agency.
- (6) Location Code - a two digit numeric code used to subdivide an agency for payroll reporting and check distribution purposes. It is equal to the 5th and 6th digits of the old agency code i.e., the Pseudo Code designation. Use of the Location Code is optional.
- (7) Contract End Date - This is the date the contract action terminates. Express in numerics, month/day/year, i.e. 09/30/82 for September 30, 1982.
- (8) Unit Within Agency - Specific Unit where work is to be performed.
- (9) Agency Name - Name of Agency.
- (10) Social Security Number - employee's social security number.
- (11) First Name - employee's first name.
- (12) M.I. - employee's middle initial.
- (13) Last Name - employee's last name. If last name is hyphenated, show the hyphen (-).
- (14) Suffix - Enter any applicable suffix such as JR, SR, III.



- (15) Address Line 1 - the first line of the employee's address (as it will appear on the employee's payroll check). This will normally be the street name.
- (16) Address Line 2 - another line of address data; this line is for use by employees who have apartment numbers or other similar address information.
- (17) City - The city used by the postal service in conjunction with address.
- (18) State - The two digit State code used by the postal service. Use MD for Maryland. For other States see appendix B.
- (19) Zip Code - a five digit zip code.
- (20) County of Residence - the employee's county of residence. Failure to provide this item will result in maximum county tax rate being applied for Maryland residents.
- (21) Reserved for CPB use.
- (22) Rate of Pay - An hourly or daily rate of pay must be specified. Shift differential is included in the rate. If the contractual employee is overtime eligible, an hourly rate must be used.
- (23) Per Unit - Specify H for hourly and D for daily.
- (24) OT Elig - Specify Y for eligible and N for not eligible, reflected from contract. If Y is specified, then H must appear in item 23.
- (25) Max. Units on Contract - The number of hours or days on the contract.
- (26) Contract Maximum - Total dollars authorized, should equal product of rate times units. In the case of contract amendments, the contract maximum must include the value of original contract and all amendments.
- (27) Normal Period Hours - The total number of hours that a full-time employee in this agency, performing the most similar work, is required to work per pay period. It is normally 71.0 or 80.0.

(28) Termination Reason - Mandatory entry if Action Code for termination is checked.

(a) If employee has 'Resigned' use one of the following reasons:

- 10 Further Education
- 11 Military Service
- 12 Marriage
- 13 Family Problem
- 14 Maternity
- 15 Health
- 16 Change of Residence
- 17 Commuting
- 18 More Salary
- 19 More Opportunity
- 20 Working Conditions
- 21 Failed to Report for Duty on Employ.
- 23 Unknown

(b) If Employee was Separated from State Service for reasons other than Resigned:

- 24 Removal of Employee
- 25 End of Employment (Contract Complete)
- 26 Failed Physical Examination
- 27 Rejected on Probation
- 28 Layoff

(c) Miscellaneous actions:

- 40 Position Vacated by (PA, UF or TP)\*
- 41 Deceased

\*Use only when employee is remaining in State Service but is no longer a contractual employee.

(29) Document Distribution Code - reserved for future.

(30) Check Distribution Code - reserved for future use.

- (31) Agency Cost Center - agencies which have requested that a three digit code be maintained to identify the work activities of their employees may enter this code here. Other agencies should leave the entry blank.
- (32) Program - this is a three digit numeric code that identifies the budgetary program to which the employee's salary expense will be charged.
- (33) Primary Fund - this one digit numeric code identifies the fund to which the employee's salary expense will be charged. Valid codes and their meanings are:
- 1 - General Fund
  - 3 - Special Fund
  - 5 - Federal Fund
  - 7 - Non-Budgeted Fund
- (34) Gen. Fund % - reserved for future use.
- (35) Spec. Fund % - reserved for future use.
- (36) Fed. Fund % - reserved for future use.
- (37) N.B. Fund % - reserved for future use.
- (38) Reimb. Fund % - reserved for future use.

Note: All contractual payments will be charged to Object 02.

c. Part II, Exempted From Control Agency Review

Note: Only valid for new hires. This section enumerates possible exemptions from pre-employment review and approval by the Secretaries of the Department of Personnel and Budget & Fiscal Planning. If exemption criteria are not met or this is a contract amendment, agencies must attach a CPB Form 312. Check only one exemption, if applicable.

- (39) Separation of Powers - Can only be used by the Legislative and Judicial Branches. Check applicable block.
- (40) Statutory Exclusion - Check block and fill in the Article and Section of the Annotated Code that is cited as authority.

- (41) Policy Exclusion - Check appropriate block, if claimed.  
The following definitions apply:

Codes:

01. Contracts for employment of student labor. Students to be exempt must be regularly enrolled and regularly attending classes while in the employ of his school, college, or university. This exemption applies only during periods of regular school attendance, thus the exemption does not apply to work done during the summer unless the student is enrolled in a summer course. Student exemption does not apply to someone earning a living and taking courses.
  02. Contracts for employment of patient labor in a hospital.
  03. Contracts for employment of inmate labor in a custodial or penal institution, including State Use and Work-Release programs.
  04. Contracts for direct emergency services calling for immediate action due to unforeseen circumstances threatening health, injury, loss of life or property loss or damage.
  05. Contracts for employment by the School for the Deaf relating to direct student services rendered on an on-call basis.
  06. Contracts for college faculty teaching of courses taken for credited by students:
    - a. enrolled in a program leading to a degree, or
    - b. for the purpose of acquiring or maintaining professional certification.
- (42) Fiscal Exclusion - An individual who is employed under only one State Contract with an agency and the value of the contract has a cost less than the base annual salary of the lowest graded State employee and the rate of remuneration does not exceed the comparable hourly or daily rates for base salary of a Grade 13. It is contrary to State policy to award multiple contracts to circumvent this provision.

d. Part III, Certifications

If the contractual employment is exempt from control agency review, completion of this section will complete the Authorization for submission to the Central Payroll Bureau.

- (43) Signature of Employee - The Authorization, except for a termination, will not be processed without the signature. It must be explained to the employee that appropriate tax certificates are required in addition the certificate except for the limited exception specified in the certificate.
- (44) Signature - Fiscal Officer - Signature of the Agency's Fiscal Officer.
- (45) Signature - Agency Head - Signature of the Agency Head.
- (46) Date - Date the request is released to the Central Payroll Bureau.
- (47) Name - Agency Head - The typed name of the Agency Head whose signature appears above.

e. Part IV, Authorization Execution - CPB use only.

- (48) The agency will not have a copy of the CPB-311 returned but will find the approved authorization listed on the next Positive Time Report.

2. Preparing the Special Payments Payroll Authorization - Supplemental Information (CPB Form 312). (Exhibit VIII-4)

a. Overview

The Special Payments Payroll Authorization - Supplemental Information (CPB Form 312) is required for all contracts not exempt from control agency review. It is submitted in an original and four copies with a single copy of the MS-22, a single copy of the contract, and a CPB 311 for each contract. Multiple contracts and supporting documentation may be submitted on a single CPB 312. After action by the control agencies, a copy of the CPB 312 will be returned to the agency. The CPB 312 with all supporting data will be forwarded to the Central Payroll Bureau for assignment of the Contract Control Number(s) and the Central Payroll Bureau will forward it to the Department of Personnel and Department of Budget and Fiscal Planning. If status of the authorization is required, the Central Payroll Bureau will be able to tell you its exact status since all authorizations will be logged when received and as they proceed through the approval process.

Exhibit VIT1-4. (Front)

**Instructions:**

1. Detailed guidance is found in Chapter VIII of the Payroll Procedures Manual for Use by State Agencies.
2. Please type.

CPB Form 312 - Special Payments Payroll Authorization - Supplemental Information

Required for contracts not exempt from control agency review.

Submit original and four copies, with a single copy of the MS-22 and the contract to the Central Payroll Bureau, P.O. Box 1751, Annapolis, MD 21404. .

After execution one copy will be returned for filing in the agency file.

Agency Name: (1) Unit: (2)

Appr. Code:                     (3)                    

## I. Employment Data

List name or names of employees, your agency control number, and contract value for each employee - ATTACH CPB FORM 311 FOR EACH EMPLOYEE.

Contract Control No.  
(Fill in for contract  
amendments, otherwise  
leave blank)

Name \_\_\_\_\_

Contract Max.

Agency Control No.

4

5

6

7

**Staple CPB 311 here**

II. Approval Block (Attach copy of contract and MS-22 for each employee.)

### A. Agency

Description of Service: \_\_\_\_\_ (9)

**Job Category:** (Check only one)

☐ **A** Officials and Administrators  
☐ **B** Professionals  
☐ **C** Technicians  
☐ **D** Protective Service Workers

<b>E</b>	Paraprofessionals
<b>F</b>	Office and Clerical
<b>G</b>	Skilled Craft Workers
<b>H</b>	Service/Maintenance

**Purpose:**

**Justification for Requesting Services From Outside Sources:**



**Exhibit VIII-4 (Back)**

13

I certify sufficient funds are available and have \_\_\_\_ have not \_\_\_\_ been specifically provided in the budget for contractual labor to support this expenditure. Funds to be used are presently budgeted under:

Budget Code: \_\_\_\_\_

Line Item: \_\_\_\_\_

Date: \_\_\_\_\_

Signature - Fiscal Officer \_\_\_\_\_

I certify to the Secretary of Personnel that a bona fide employer-employee relationship will exist between the State and the individual employed in the subject contractual employment position and appropriate withholding taxes should be deducted from the gross earnings of this individual. It has been further determined the services for which this contractual employee will be employed cannot be rendered by assignment or hiring of a classified or unclassified employee and that the rate of remuneration for the contractual employee is comparable to the rate paid for positions in the classified or unclassified service involving comparable duties, responsibilities, experience, and authority.

14

Signature - Agency Head \_\_\_\_\_

Date: \_\_\_\_\_

Name - Agency Head \_\_\_\_\_

**B. Department of Budget & Fiscal Planning - Approval of Need**

15

Request for Contractual Employment

Reviewed by: \_\_\_\_\_

\_\_\_\_ Approved  
\_\_\_\_ Rejected

Signature - Budget Analyst \_\_\_\_\_

Reason for Rejection: \_\_\_\_\_

Name - Budget Analyst \_\_\_\_\_

Date: \_\_\_\_\_

**C. Department of Personnel - Approval of Contractual Employment**

16

It has been determined that a bona fide employer-employee relationship will exist between the State and the individual employed in the subject contractual employment position and appropriate withholding taxes should be deducted from the gross earnings of this individual. It has been further determined the services for which this contractual employee will be employed cannot be rendered by assignment or hiring of a classified or unclassified employee and that the rate of remuneration for the contractual employee is comparable to the rate paid for positions in the classified or unclassified service involving comparable duties, responsibilities, experience, and authority.

Authorized rate of remuneration: \$ \_\_\_\_\_ per \_\_\_\_\_

Authorized effective term of contractual employment:

Beginning Date: \_\_\_\_\_ Ending Date: \_\_\_\_\_

Certified by: \_\_\_\_\_  
Secretary of Personnel

Date: \_\_\_\_\_

Request for Contractual Employment Rejected \_\_\_\_\_

Reason for Rejection: \_\_\_\_\_

Rejected By: \_\_\_\_\_  
Secretary of Personnel

Date: \_\_\_\_\_

b. Heading

- (1) Agency Name - Name of Agency.
- (2) Unit - Specific unit within the Agency where work is to be performed.
- (3) Appropriation Code - This code consists of the first six digits of the budgetary appropriation code identifying your agency.

c. Employment Data

- (4) Name - List name of each employee for whom a CPB Form 311 is attached.
- (5) Contract Max. - List maximum contract value for each employee.
- (6) Agency Control No. - Each agency may assign a control number which facilitates its internal control process.
- (7) Contract Control No. - Fill in for contract amendments only.

NOTE: For contract amendments, the same Contract Control Number will apply; the maximum dollar must include the value of the original contract and all amendments.

d. Approval Block

- (8) (Attach Copy of Contract and MS-22) - A copy of the contract and position description (MS-22) are required for each employee. The original contract is to be retained in the agency.
- (9) Description of Service - Describe the service that the contract is designed to provide, specifying the duties to be performed.
- (10) Job Category - Check the single most appropriate description of the job category of the individual on the contract. Use the following definitions in selecting the category.
  - (a) Officials and Administrators: Occupations in which employees set broad policies, exercise overall responsibility for execution of these policies, or direct individual departments or special phases of the agency's operations, or provide specialized consultation on a regional, district or area basis. Includes: department heads, bureau chiefs, division chiefs, directors, deputy directors, controllers, examiners, wardens, superintendents, sheriffs, police and fire chiefs and inspectors, and kindred workers.

- (b) Professionals: Occupations which require specialized and theoretical knowledge which is usually acquired through college training or through work experience and other training which provides comparable knowledge. Includes: personnel and labor relations workers, social workers, doctors, psychologists, registered nurses, economist, dieticians, lawyers, system analysts, accountants, engineers, employment and vocational rehabilitation counselors, teachers or instructors, police and fire captains and lieutenants and kindred workers.
- (c) Technicians: Occupations which require a combination of basic scientific or technical knowledge and manual skill which can be obtained through specialized post-secondary school education or through equivalent on-the-job training. Includes: computer programmers and operators, drafters, surveyors, licensed practical nurses, photographers, radio operators, technical illustrators, highway technicians, technicians (medical, dental, electronic, physical science), assessors, inspectors, police and fire sergeants.
- (d) Protective Service Workers: Occupations in which workers are entrusted with public safety, security and protection from destructive forces. Includes: police patrol officers, fire fighters, guards, deputy sheriffs, bailiffs, correctional officers, detectives, marshals, harbor patrol officers and kindred workers.
- (e) Paraprofessionals: Occupations in which workers perform some of the duties of a professional or technician in a supportive role, which usually require less formal training and/or experience normally required for professional or technical status. Such positions may fall within an identified pattern of staff development and promotion under a "New Careers" concept. Includes: library assistants, research assistants, medical aides, child support workers, police auxiliary, welfare service aides, recreation assistants, homemakers' aides, home health aides, and kindred workers.
- (f) Office and Clerical: Occupations in which workers are responsible for internal and external communication, recording and retrieval of data and/or information and other paperwork required in an office. Includes: bookkeepers, messengers, office machine operators, clerk-typists, stenographers, court transcribers, hearing reporters, statistical clerks, dispatchers, license distributors, payroll clerks, and kindred workers.

- (g) Skilled Craft Workers: Occupations in which workers perform jobs which require special manual skill and a thorough and comprehensive knowledge of the processes involved in the work which is required through on-the-job training and experience or through apprenticeship or other formal training programs. Includes: mechanics and repairs, electricians, heavy equipment operators, stationary engineers, skilled machining occupations, carpenters, compositors and typesetters, and kindred workers.
- (h) Service/Maintenance: Occupations in which workers perform duties which result in or contribute to the comfort, convenience, hygiene or safety of the general public or which contribute to the upkeep and care of buildings, facilities or grounds of public property. Workers in this group may operate machinery. Includes: chauffeurs, laundry and dry cleaning operatives, truck drivers, bus drivers, garage laborers, custodial personnel, gardeners and groundkeepers, refuse collectors, construction laborers.
- (11) Purpose - State the reason for contracting for this service. If specifically in the budget, cite the line item or narrative Program and Performance Statement reference.
- (12) Justification for Requesting Services From Outside Sources - State why use of classified, unclassified, or temporary employees is not feasible.
- (13) Fund Certification - Cite the specific funds to be used, including budget code and line item.
- (14) Signature - Agency Head - The Agency Head must certify to the Secretary of Personnel by his signature that the statement above his name is accurate.
- (15) Department of Budget and Fiscal Planning - Approval of Need - This block will be filled in by the Budget Analyst. If rejected, it will be returned to the Central Payroll Bureau for logging and then returned to the agency. If approved, it will be returned to the Central Payroll Bureau for logging and then forwarded to the Department of Personnel.
- (16) Department of Personnel - Approval of Contractual Employment - This block will be filled in by the Department of Personnel. If rejected, it will be returned to the Central Payroll Bureau for logging and then returned to the agency. If approved, it will be returned to the Central Payroll Bureau for logging and execution.

### 3. Processing the Special Payments Payroll Authorization

To process the SPP Authorization, the Agency Personnel Office negotiates a contract with the contractual employee as specified by COMAR \_\_\_\_\_. The SPP authorization, CPB Form 311 and, if applicable, the CPB Form 312 are forwarded to the Central Payroll Bureau with a copy of the contract document.

The SPP authorization is always submitted to the Central Payroll Bureau (CPB). The Department of Budget and Fiscal Planning (DB&FP) and Department of Personnel (DOP) reviews, if required, take place afterward. This provides Agencies with a central point of inquiry if they need the current status of their request. The steps are:

- a. CPB receives authorization from the Agency two weeks before the start of the first pay period covered by the contract.
- b. CPB assigns Contract Control Number.
- c. CPB logs the receipt.
- d. If exempt from Control Agency review, CPB posts to SPP master file, completes Section V of the authorization and logs the action. The CPB Form 311 will be filed in the Central Payroll Bureau and the approved authorization will be reflected in the next Positive Time Report prepared by CPB.
- e. If not exempt from Control Agency review, CPB forwards to DB&FP, and logs the action.
- f. DB&FP reviews in 3 days and returns to CPB.
- g. If disapproved, CPB logs the action and returns the disapproved authorization to the Agency.
- h. If approved, CPB logs the DB&FP approval and forwards to DOP.
- i. DOP reviews in 5 days and returns to CPB.
- j. If disapproved, CPB logs the action and returns the disapproved authorization to the Agency.
- k. If approved, CPB logs the DOP approval, posts to the SPP master file, complete Section V of the authorization, logs the action and sends a copy of the CPB 312 back to the Agency.

NOTE:

This time schedule may be revised based upon operating experience.



4. Submitting the Special Payments Payroll Authorization, CPB Form 311

Special Payments Payroll Authorizations, CPB Form 311, and, if applicable, the CPB Form 312 must be received in the Central Payroll Bureau (CPB) two weeks before the start of the first pay period covered by the contract in order to be accounted for in processing the first period's payroll. If a holiday falls seven calendar days before a payday or on a payday, the Form must be submitted one day earlier.

Personnel Transaction Forms received on time by the Central Payroll Bureau will appear on the pre-printed Positive Time Report (PTR) for the period. If the personnel transaction was submitted after the deadline or was delayed in reaching or being processed by the Central Payroll Bureau, it will not appear on the pre-printed PTR. In the case of approved but unprinted contracts, the agency may write in the effect of the transaction (if any) on the PTR. This is done by writing in the new contracts. Such hand written entries do not ensure that a contract will be accounted for in processing the period's payroll. Instead the entry serves as a flag to the Central Payroll Bureau to check their records for the approved authorization. The Central Payroll Bureau cannot process SPP payments until they process the approved authorization. Authorizations affecting an employee's pay which are not accounted for at the time they are intended to be effective must be submitted as adjustments on subsequent PTR's. Retroactive adjustments should be submitted with every PTR until the Personnel Transaction is accounted for properly. This ensures that the employee's pay reflects the transaction on a timely basis. Use of the Positive Time Report is described in more detail in a later section of this chapter.

5. New Employees

When an employee begins work in a new position it is especially important that the SPP authorization be processed in a timely manner. The form must be received by the Central Payroll Bureau two weeks before the start of the pay period for which the employee is to receive his/her first paycheck (for work performed on the contract), otherwise no paycheck will be processed. If there is a holiday during the seven calendar days before a payday or on a payday, the SPP authorization form must be received in CPB one day earlier.

New employees have other payroll related reporting requirements in addition to being accounted for on the SPP Authorization Form. Documents to be completed by the employee include the appropriate (voluntary) deduction cards, and the Employee Withholding Exemption Certificate (MW 507/ W 4), the Exemption From Withholding of Federal and State Income Tax and FICA Exemption Certificate. Forms which affect deductions or withholdings must be received by the Central



Payroll Bureau no later than the Monday before the end of a pay period if they are to be accounted for on a timely basis by the State-wide Payroll System. Preferably, these forms should be received attached to the Special Payments Payroll authorization, CPB Form 311.

6. Transfers of Employees

If an employee on the Special Payments Payroll transfers to the Regular Payroll, the Central Payroll Bureau must be notified if he has any voluntary deductions such as deferred compensation, savings bonds or United Fund/CICHA which should be transferred to the new payroll. For involuntary deductions such as withholding tax, submit new certificates as specified in Chapter IV, Section B.

Conversely, if an employee on the Regular Payroll transfers to the Special Payments Payroll, the Central Payroll Bureau must be notified if he has any of the voluntary deductions authorized for the Special Payments Payroll. The employee must be advised that all voluntary deductions other than deferred compensation, savings bonds and United Fund/CICHA will be terminated as of the last period on the regular payroll.

7. Questions Concerning the Special Payments Payroll Authorization, CPB Form 311 or, if applicable, CPB Form 312

All inquiries concerning the use of the SPP Payroll Authorization should be addressed to the Central Payroll Bureau.

I. PROCESSING PAYROLL DEDUCTIONS AND WITHHOLDINGS

Deductions and withholdings are made from an employee's pay for a number of reasons. Among the principal reasons are:

- To satisfy government mandates for items such as federal and state income tax withholdings, social security tax deductions, court ordered child support payments, tax lien payments, etc.;
- As a convenience to employees and/or vendors for purposes such as deferred compensation and charities.

Chapter IV, Section B describes in detail how to process and submit requests that affect specific payroll deductions and withholdings. The contractual employee has the following deductions and withholdings authorized:

#### Involuntary:

- Federal and State Income Tax Deductions - Based on Employee Withholding Exception Certificate, W4/MW507 (Exhibit IV-2) or Exemption from Withholding of Federal and State Income Tax, CPB Form 67. Failure to file the appropriate certificate will result in withholding of Federal Income Tax as single with zero exemptions and one exemption for State Income Tax. If a withholding exemption certificate is in effect with another employer, the employee is not entitled to the same withholding exemption claimed under the certificate already in effect with the other employer. All contract employees must be advised of this requirement of the tax authorities.
- Local Income Tax Deduction - Local Income Tax is based on the address input from the SPP Authorization, CPB Form 311. Failure to provide an address will result in local income tax being withheld at the highest prevailing rate. In the event an employee on the Special Payments Payroll has an address change, a Payroll Address Form, CPB-103, must be submitted as described in Section IV. B. e.
- Social Security (FICA) Deduction - Unless categorized as a student, patient or inmate in Part II of the SPP Authorization, CPB Form 311 or a FICA exemption certificate is filed, the prevailing FICA tax, up to the annual wage base, will be withheld.
- Court ordered dependency support payments, federal tax liens and state tax liens are involuntary deductions which are applied when ordered by the appropriate authority.

#### Voluntary:

- Deferred Compensation Deduction - This is available to contractual employees.
- United Fund - CICA - This deductions is initiated at the beginning of the calendar year.
- U. S. Savings Bond Program - but only for the full purchase of a bond each pay period.

#### NOTE:

Contractual employees are not eligible for any other deductions or fringe benefits. Contractual employees are paid based upon hours or days worked, mandatory taxes are applied, three voluntary deductions are available and the State's only contribution is matching of FICA taxes.

## J. COMPLETING AND SUBMITTING THE POSITIVE TIME REPORT

The Central Payroll Bureau bases the calculation of an employee's earnings upon two separate controlled inputs. One input is the "authorization" which results from the SPP authorization process described in a previous section of this chapter. The other input is the "certification" whereby the employing agency certifies to the Central Payroll Bureau that a given (authorized) employee is entitled to be paid as a result of having worked. Such "certifications" are made by the employing agency each pay period for each employee listed on the agency's Positive Time Report, PTR (Exhibit VIII-5).

The Positive Time Report (PTR) is a turn around document that is prepared by the Central Payroll Bureau, sent to the appropriate agency and returned to the Central Payroll Bureau for use in processing the period's payroll. As prepared by the Central Payroll Bureau, the Positive Time Report contains basic identifying information for each contractual employee in the agency authorized to be paid by the contractual payroll. Employees who are not authorized will not be listed on the PTR since they cannot be certified to be paid until they complete the appropriate authorization process. The data which is preprinted on the ETR by the Central Payroll Bureau and the information which must be written in by the agency payroll clerk are both described in later sections of this chapter.

Employees are listed on the PTR in ascending contract number order. Data for a single contract is printed on a single line of the body of the report in order that the headings appear across the top of the page. Each heading line corresponds to a line of print in the body of the Report.

One Positive Time Report is printed for each agency (as identified by the first six digits of the agency's budgetary appropriation number). In the case of agencies sub-divided by location, one PTR is printed for the agency and is broken down and distributed by location within the agency (as identified by a two digit Location Code). Both the Positive Time Report and the corresponding Payroll And Check Register (Exhibit V-3) contain the first six digits of the agency's appropriation code and the appropriate Location Code if any. The same employees who appear on a given agency's Positive Time Report (or the PTR of a location within an agency) appear on the corresponding Payroll and Check Register. If an employee is on an agency's payroll (i.e. authorized) but does not receive a paycheck for a given pay period, they will still be listed on the PTR and the Payroll And Check Register. Such an employee will have zeros (0.00) for all of their current period amounts listed on the Payroll and Check Register.

The Positive Time Report requires positive reporting. Positive hours/days worked are reported for hourly and daily employees. Exceptions to normal earnings (e.g. overtime and retroactive pay) are reported for contractual employees. This information, in conjunction with the authorized pay rate maintained in the employee's SPS payroll master record, is used to calculate earnings for the period.

EXHIBIT VIII-5

SPECIAL PAYMENTS PAYROLL  
CONTRACTUAL EMPLOYEES  
POSITIVE TIME REPORT

State of Maryland  
Comptroller of the Treasury  
Central Payroll Bureau  
Sheet No. 5

Pay Period Ending 1

Contract Control Number 6

Last Name, First Name, Middle Initial 7

Social Security Number 8

Status 9

Regular Pay Rate 10

Agency Control Number 11

Hourly Hours Worked 12

Daily Days Worked 13

40 & 40 With Overtime Week One Week Two 14

8 & 80 With Overtime Regular Hours Overtime Hours 15

Preprinted

Adjustments To Regular Earnings Regular Amount Hours 16

Adjustments To Overtime Overtime Dollars 17

Miscellaneous Adjustments Amount 18

Hours/Days Remaining 19

Dollars Remaining 20

Contract Expiration Date 21

Messages (CPB Use Only) 22

CPB Use Only 23

Remarks 24

For agency use in explaining adjustment

1. Time Expired
2. Dollars Expended
3. 90% of \$ Expended
4. 75% of \$ Expended
5. 30 Days to Expiration
6. 90 Days to Expiration
7. 90% of hrs./Days Expd.
8. 75% of hrs./Days Expd.

Number indicates priority for printing - only one line will be preprinted.

I certify that the above payroll request is accurate.

25

Date \_\_\_\_\_ Authorized signature \_\_\_\_\_ Form CPB

## 1. Explanation of the Title Area

The title area of the Positive Time Report (Exhibit VIII-5) is identical to the title area on the Payroll and Check Register (Exhibit V-3). The following describes each of the elements printed in the title area of the PTR prior to distribution to the agency. The number located to the left of each description indicates the area of the Report being described as shown in Exhibit VIII-2.

- a. Pay Period Ending - the last day of the pay period to which this Positive Time Report applies. The date is formatted Month/Day/Year.
- b. CPB Control Code (Level 2) - a two digit alpha-numeric code used by the Central Payroll Bureau for control purposes. Basically, it represents the first six digits of the agency's budgetary appropriation number. (On the PTR the Character Code is preceded by the letters "CT" indicating that the report is from a Special Payments Payroll run.)
- c. Location Code (Level 3) - a two digit numeric code used to subdivide an agency for payroll reporting and check distribution purposes. It is equal to the 5th and 6th digits of the old agency code; i.e. the Pseudo Code designation. The Location Code also appears on the Payroll Checks (Exhibit V-1) and Payroll and Check Register (Exhibit V-3) of agencies that use the Code. There is a Payroll and Check Register for each Location Code within a given agency. These Payroll and Check Registers correspond to the section of the PTR with the same Location Code. Use of the Location Code is optional.
- d. Agency Description - the name and first six digits of the budgetary appropriation number of the employee's department and agency.
- e. Sheet No. - the page number of the report for this agency. When a Location Code is used the page numbers will run consecutively from the first location through the last location listed for a given agency on the PTR.

## 2. Completion of the Body of the PTR

The body of the Positive Time Report (Exhibit VIII-5) contains two different types of data: data that is pre-printed by the Statewide Payroll System before the report is distributed to the appropriate agency and data that is written in by the agency for entry to the SPP. Items 6 through 11 and 19 through 22 contain the data pre-printed by the SPS while items 12 through 18 provide for the input of hours or days worked, overtime hours, and adjustments. This information is

used to compute the employee's earnings for the period. Item 24 is used by the payroll clerk to write in any remarks necessary to document or clarify the data entered for a given employee. Item 25 is the signature area where the supervisor "certifies" the data entered in items 12 through 18 and 24.

The following describes each of the elements in the body of the Positive Time Report. The number located to the left of each description indicates the area of the PTR being described as shown in Exhibit VIII-2.

Columnar meanings of the PTR as a preprinted output report are:

- (6) Contract Control Number - the number assigned by CPB to the contract. It is posted to the file only after it is approved, either as an exception to control agency review or after control agencies have approved. As noted before, the Agency can inquire to CPB if an action in process.
- (7) Last Name, First Name, Middle Initial - the last name, first name, and middle initial of the employee as entered on the SPP authorization document or subsequent change document.
- (8) Social Security Number - the employee's Social Security Account Number (SSAN) as reported during the SPP authorization process.
- (9) Status - Hourly or daily from authorization.
- (10) Regular Pay Rate - Preprinted rate per hour or day.
- (11) Agency Control Number - Preprinted reflecting Agency's internal control number.
- (19) Hours or Days Remaining - Hours or days remaining as of the last pay period.
- (20) Dollars Remaining - Dollars unspent as of the last pay period.
- (21) Contract Expiration Date - Contract end date from the authorization.
- (22) Messages - Message will be printed in the priority indicated. Each condition will be tested in sequence and the single message, if any, that applies will be printed.

Note:

Payment is not authorized by CPB when insufficient hours or days, dollars or time remain on the contract.



Columnar meanings of the PTR as an input document are:

All units of the time must be reported with whole unit hours to the left of the broken vertical line and fractional unit hours (expressed in tenths of an hour) to the right of the broken vertical line. Negative amounts must be indicated by a minus '-' sign. Amounts with no sign are assumed to be positive.

- (12) Hours Worked - used to report actual hours worked for employees with a pay status (see item 9 above) of 'H'.
- (13) Daily/Days Worked - used to report actual days worked for all employees with a pay status (see item 9 above) of 'D'. If an employee works a fraction of a full day, the fractional day must be reported (in tenths of a day) to the right of the broken vertical line. If an employee is "cut-off", the effective date should be entered in the Remarks Column (item 24). The employee will continue to appear on the Positive Time Report until the agency indicates contract completion by submitting a CPB Form 311 as explained in Section H1.

Note:

Items 14 and 15 are used for reporting overtime hours to the Central Payroll Bureau. These items provide for the methods allowed by the Federal Wage Hour Law and State of Maryland Overtime Policies. Two options for reporting and computing overtime are allowed; they are the 40 & 40 option and the 8 & 80 option. It is the prerogative of each State agency or department (except educational institutions) to select the option or options under which overtime for its employees will be paid. (Educational institutions are prohibited from using the 8 & 80 option).

A selected option does not necessarily apply to all employees in the agency or department. Either option may be used to cover different classes of employees. It is the prerogative of the selecting authority to change the overtime option for groups of employees unless the change would be to the disadvantage of the employees. For example, an option once selected, cannot be changed if the change would preclude overtime or decrease the amount of overtime paid for a given number of hours; i.e., an employee with a 35.5 work week under the 40 & 40 option who is required to work on Saturday, would receive 4.5 hours regular overtime and 2.6 hours premium (time and a half) overtime. However, if the option were arbitrarily changed to 8 & 80, the full 7.1 hours would be paid at regular overtime rate since the employee did not work in excess of 8 hours in one day and the total hours for the period did not exceed 80 hours. This is clearly to the disadvantage of the employee and, is not allowed.

- (14) 40 & 40 With Overtime - Used to report the total hours actually worked each week (including time allowed for approved leave).
- (15) 8 & 80 With Overtime - Designed to allow a premium overtime payment for time worked in excess of 8 hours in any one day, or 80 hours in a bi-weekly pay period, whichever is to the greatest advantage of the employee (hourly employees should normally be paid under the 8 & 80 option). Educational institutions are prohibited by law from using the 8 & 80 option.

Under the Regular Hours Column report total hours to be paid at the employee's regular rate, including hours in excess of the normal period hours for employees who normally work less than 40 hours per week. Reporting in this column cannot be less than 8 nor more than 80 hours.

Under the Overtime Hours Column report the actual hours to be paid at the premium overtime rate. This determination must be made at the agency level.

Note:

Adjustments as entered in items 16, 17 and 18 below must be entered so as to attain "current full reporting" i.e. adjustments must be entered so that when processed the employee's pay will be correct through the current period. This is especially important in the case of employees who are awaiting retroactive changes.

- (16) Adjustments to Regular Earnings - used to input adjustments to the employee's regular pay.

Regular Hours Column - this column is used to report any hours associated with the reported adjustment to regular earnings. Hours entered in this column effect a change in the regular hours as reported on the Employee's Earnings Statement. Any entry in this column does not affect the employee's earnings.

Amount - This column is used to make adjustments to regular earnings. Any adjustment reported in this column must be positive, for example, retroactive pay for a new employee.

- (17) Adjustments to Overtime - Used to input adjustments to the employee's overtime hours and overtime dollars.

Overtime Hours Column - This column is used to report any hours associated with the reported adjustment to overtime dollars. Any hours entered in this column effects a change in the overtime hours as reported on the Employee's Earnings Statement (Exhibit V-2). An entry in this column does not affect the employee's pay.

Overtime Dollars Column - This column is used for reporting an overtime adjustment normally resulting from hours not reported in a previous pay period.

- (18) Miscellaneous Adjustments - Used to input adjustments to earnings which are not covered in the other sections on this report. All entries in this column are in dollars and must be explained in the Remarks Column.
- (23) CPB Use Only - the payroll clerk should not write in this column.
- (24) Remarks - This column contains notations written by the payroll clerk to the Central Payroll Bureau explaining various entries in items 16, 17 and 18. Contract completion is indicated by submission of a CPB Form 311 as explained in section H1.
- (25) Date and Authorized Signature - The supervisor assigned responsibility for the payroll block(s) contained on the PTR must date and sign the PTR. In doing so the supervisor is certifying the time and attendance data reported for each employee listed on the PTR.

### 3. Submission of the PTR

The Positive Time Report (PTR) provides a mechanism for submitting payroll hours and other payroll data required by the Central Payroll Bureau to process a particular pay period's payroll. The PTR is computer printed in triplicate by the Central Payroll Bureau and forwarded to the appropriate state agency on the Thursday following each payday. The agency payroll clerk completes the PTR by entering payroll hours and other payroll data (as described in the previous section) for each employee listed. The appropriate supervisor (appointed by agency management) then "certifies" the PTR by dating and signing at the bottom of the page. The completed original is returned to the Central Payroll Bureau no later than the Thursday before payday. If a holiday falls between Thursday and the payday, the PTR must arrive in the Central Payroll Bureau no later than Wednesday.

The two copies of the PTR are retained in the agency by the individual responsible for the custody of agency payroll reports. Like other payroll reports, PTR's should be stored in a locked cabinet or safe. Upon disposal, PTR's should be shredded or incinerated. No unauthorized individuals should have access to PTR's at any time. Positive Time Reports and the associated Payroll and Check Register should be maintained in pay period order by the agency for a period of three years.

EXHIBIT VIII-6  
STATE OF MARYLAND  
CONTRACTUAL PAYROLL REPORT  
For the Period January 1, 1981 to December 31, 1981

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Agency	Location	Program	Contract Control Number	Name	SSN	Category Coded	Statute	Begin Date	End Date	Dollar Ceiling Amount	Hours/Dys, on Contract	Hours/Days Expended on Contract	Dollars Expended on Contract
						Category from Applica- tion	Applies to Statutory Exemptions						

- Run Options:
- 1 - All agencies, totals by agency (Agency Sequence) , grand totals for the State
  - 2 - Multiple occurrences of same SSN (SSN Sequence)
  - 3 - Totals by category
  - 4 - Enumeration of cited statutes for statutory exclusions
  - 5 - Incentive Awards

#### 4. Corrections to PTR After Submission to the CPB

If corrections to the PTR are necessary after submission to the CPB which are more appropriately made in the current rather than the following payroll, follow the procedure of Section IV.C.4.

#### K. CONTRACTUAL PAYROLL REPORT

This is a special annual report from the SPP System and is furnished to the Department of Personnel and the Agency. Since the data elements normally desired can be displayed on one line, the report will be sorted into several sequences for different uses. It will be run once each calendar year and when required for special purposes.

The data elements shown which are from the Authorization:

- (1) Agency
- (2) Location
- (3) Project
- (4) Contract Control Number
- (5) Name
- (6) SSN
- (7) Category
- (8) Statute
- (9) Begin Date
- (10) End Date
- (11) Dollar Ceiling Amount
- (12) Hours/Days on Contract

The data elements shown which are collected from the payment data:

- (13) Hours/Days Expended on Contract
- (14) Dollars Expended on Contract

The run options listed on Exhibit VIII-6 are examples of what can be done with the data of the report. For example:

1. By running the report in Agency sequence we can total by numbers of contracts, hours and dollars for each agency as well as grand totals. This can provide the Full Time Equivalent data that is desired.
2. By running the report in social security number sequence, multiple employments of the same person can be highlighted and numbers of different individuals can be counted.
3. Since a category is on the application, totals can be derived for numbers, hours and dollars for each category. This will provide a basis for reporting to the Legislature. Should more discrete re-

porting be required for contracts not in an exempt category (Section IV of the Authorization), a coding block should be provided by the Department of Personnel.

4. By running a detailed report of all claimed statutory exemptions, all of the statutes claimed can be displayed for post-audit purposes.
5. A statewide list of incentive award payments can be obtained by listing all the payments of that category. The SPP process is used as the means of cutting a separate check for formal presentation to the employee. These payments would be identified by giving them a unique category code.

L. INCENTIVE AWARD PAYMENTS

Since Agencies desire to present incentive award payments in a separate check and have an obligation to withhold appropriate taxes, the Special Payments Payroll is used for these payments.

No special action is required by the Agency other than the submission of the appropriate incentive award forms. When the approved forms are received from the Department of Personnel, CPB will enter the authorization and appropriate taxes and provide the check to the Agency with supporting documentation.



VI. ISSUES ADDRESSED AND SOLUTIONS PROPOSED  
BY THE TASK FORCE APPROACH

VI. ISSUES ADDRESSED AND SOLUTIONS PROPOSED BY THE TASK FORCE APPROACH

A. Issues addressed to the Task Force by the Secretary of Personnel:

1. A means of expressing Special Payments Payroll in terms of full time personnel equivalents.
  - All effort of SPP employees will be reported on an hours worked or days worked basis. The days worked will be converted to the appropriate hours so that reports from the system would summarize these hours.
2. A means of expressing the reason for hiring an employee on the Special Payments Payroll.
  - A code will be captured for each category of employee on each contract so that reports from the system can summarize by these categories.
3. A means of determining the reasonableness of the rate of compensation on the Special Payments Payroll.
  - This is a part of the authorization and post-audit process and is incorporated in the regulation and procedures for Special Payments Payroll. It is not susceptible to a high degree of automation except for authorizations citing a fiscal exception where the parameters of the exception can be applied.

B. Issues addressed by Peat, Marwick, Mitchell & Co. in their "Recommendations for Enhancements to the Special Payments Payroll Processes" - Section III, Recommendations:

1. No independent authorization process exists for each employee prior to an employee record being established in the Special Payments Payroll master file.
  - PM&M's Recommendation - A modified version of the SPP authorization procedure which was presented in the DBFP's September 1978 report. One of three similar authorization processes will be used depending upon whether or not the exemption status is cited. If an exempt status is cited, there are two possible types of authorization processes. When no exempt status is cited, there is only one type of authorization process. All three methods insure that some independent authorizations of an employee occurs.
  - The Task Force simplified this to a single authorization form with a supplemental form if control agency review is required.

2. Since over fifty percent of the special payments employees are exempt from control agency authorization, little, if any, budgetary control is exercised.
  - PM&M's Recommendation - Under the current system, employees may be added to the Special Payments Payroll via the Positive Time Report (PTR). This document receives no independent agency review. We recommend that this reporting mechanism be discontinued and replaced with an Exemption Time Reporting mechanism similar to the regular payroll process. Therefore, no new employees can be added to the Special Payments Payroll without going through one of the three authorization procedures briefly described under the first problem area. In any of these cases, DBFP is at least advised of the approval of special payments employment.
  - The Task Force implementation requires the authorization process to be completed before the employee can be paid. The time report will continue to be a positive time report so that no payments will be made unless the employee has time reported and is authorized to be paid.
3. Employing agencies alone determine whether an employee is classified as regular or contractual.
  - PM&M's Recommendation - Employing agencies currently can make this decision because they are free to add employees to the Special Payments Payroll via the PTR without complying with normal State hiring procedures. By eliminating the present PTR, agencies will be forced to go through either the regular payroll authorization process or one of the three special payments procedures addressed in the preceding discussion of the first problem area. In all three methods of resolution, the first question asked by the control agency must be: "Is this a regular or special payments application?" We believe that, as a result of implementing these new procedures, the volume of transactions paid through the special payments payroll will decrease.
  - The implementation of the Task Force designed procedure will act in the same manner as PM&M's recommendation. The same results can be anticipated.
4. Employing agencies may add or delete an employee or revise employee data with no independent agency review and/or approval.
  - PM&M's Recommendation - This weakness exists, again, due to the use of the PTR as a system maintenance document. Under the revised procedures, all actions will require a unique

document which flows through the same or similar procedures as outlined in the recommendation for the first problem. Again, we recommend that individual documents be used for changes, terminations, transfers, etc., and these documents receive control agency approval before the data is submitted through GAD for master file processing.

- Implementation of the Task Force recommended procedure will accomplish the same results.

5. Employing agencies determine each employee's gross pay, tax deductions and exemptions with no independent agency review.

- PM&M's Recommendation - This, too, is a problem inherent to the existing PTR. Under the revised procedures, this type of information will generally be established at the time the employee is added to the master file. This information receives independent review. Also, the payroll system automatically calculates these amounts each pay period based upon parameters entered when the employee master file was established and hours or days worked which will be reported by the agency. No one will be able to manually change a payment or deduction after the employee master file record is established except through a new transaction which must flow through the same authorization process as the original request to hire.

- This is exactly the same concept endorsed by the Task Force.

6. Employing agencies maintain custody of tax withholding documents.

- PM&M's Recommendation - When the agency submits tax withholding and deduction information for the employee master file, the supporting withholding and deduction forms must be attached to the coded data entry form. This information may be available when the original employee record is set up (as a result of the authorization process), or it may not be available until the employee reports for work. To insure that all supporting documents are in the possession of GAD, as required by law, we recommend that GAD maintain a "tickler" file of those special payments employees for which all supporting documentation has not been received and periodically report these to the agencies.
- The Task Force concept is essentially the same. A "tickler file" is not required because in the absence of tax withholding documents, the federal and state law requires maximum withholding, i.e. as single with no exemptions for federal tax and one exemption for state tax with maximum piggyback tax. Similarly FICA exemption will require a separate document except for students, patients, and inmates identified as such on the authorization form.

7. There is no clear definition of how to determine whether an employee should be placed on the Regular Payroll, the Special Payments Payroll or the Transmittal (Accounts Payable) process.
  - PM&M's Recommendation - The recommended forms and procedures were designed to prevent an employee from being established on the Special Payments Payroll without control agency approval. As stated previously, the first question the control agency must ask is "Is this a regular or special payments application?". Before implementation of the revised processes, guidelines will be furnished to the control agencies for determining which of the three payment processes should be used.
  - The guidelines are explicit in the regulation and procedures.
8. There is little or no consistency in applying the object classification codes to special payments employees.
  - PM&M's Recommendation - In theory, all salaries paid to special payments employees should fall into object code 02, Technical and Special Fees. Currently, Special Payments Payroll charges are being applied to several other objects, particularly 01, Salaries and Wages, and 08, Contractual Services. We feel that employees classified as 01, Salaries and Wages, should be considered "regular temporary employees" and employees classified as 08, Contractual Services, should be paid by transmittal.
  - The regulation will specify object 02 and the budget guidelines for FY 1982 reiterate the requirement to budget contractual employment in this object code.
9. Since agencies distribute gross pay to the various budgetary accounts, GAD cannot make adjustments for items such as unauthorized paychecks and health insurance.
  - PM&M's Recommendation - This problem should be resolved by implementation of the Labor Cost Distribution (LCD) Module. At that time, agencies will discontinue the practice of charge distribution because the LCD Module will perform this function automatically, Special instructions and considerations will be provided to the appropriate parties prior to the LCD Module implementation.
  - The authorization form has provisions to capture information for the LCD Module, but use of it must await LCD Module implementation.

10. No standard contract exists for special payments employees.

- PM&M's Recommendation - A uniform employment contract between the State and the employee (for all cases of contractual employment) should be developed. This contract should include provisions such as:

- Rate of remuneration;
- Contract beginning and ending dates;
- Contract ceiling amount;
- Identification of fringe benefits;
- Identification of withholding tax status;
- Any special rules of employment; and
- A Position Description (Form MS-22)

The information included in the contract should depend, in part, upon the State's accepted definitions of Technical and Special Fees and Contractual Services.

- The recommended regulation specifies the minimum requirements for the contract.

11. There is no uniform State policy that addresses the subject of fringe benefits for special payments employees.

- PM&M's Recommendation - First, the State must define special payments employees. If only object code 02 employees (Technical and Special Fees) are classified on the special payments payroll, it would seem that no benefits should be given as these are short-term contracts.

However, if the State decides to continue using various definitions to place individuals on the Special Payments Payroll, we recommend that the Secretary of Personnel define a uniform State policy with regard to fringe benefits for these individuals.

- The recommended regulation specifies that no fringe benefits are authorized except paid leave.

12. There is no centralized, uniform application of special exemption policies.

- PM&M's Recommendation - The Department of Personnel and the Department of Budget and Fiscal Planning should work together to compile a list of the Articles, Sections and/or agreements granting procedural or deduction-type exemptions. This list should be kept current and be distributed to the agencies to serve as a guideline for their determination of the applicability of any exemption. In addition, the DOP and DBFP should serve as "editing points" in verifying agency supplied forms and information throughout the authorization and certification process.



- The regulation, procedure, and authorization form provide for a centralized, uniform application of special exemption policies.
13. The BB-4 is ineffective as an authorization document.
- PM&M's Recommendation - Discontinue use of the BB-4 as a mechanism for authorizing contractual employment, and restrict its use to other contractual relationships described in DBFP Policy 02.01.03.
  - The Task Force concurs and has designed an appropriate authorization document.
14. If an employee on the Special Payments Payroll becomes a regular employee, there is no method for transferring information related to deduction procedures for the employee.
- PM&M's Recommendation - Agencies will submit a Transfer transaction to the Payroll System for each employee transferring from the Special Payments Payroll to the regular payroll (or to another agency still on the Special Payments Payroll). This transaction will trigger the system to print the Employee Transfer Report.
  - The Task Force does not agree that this transaction or special report is necessary since deductions are limited to deferred compensation, savings bonds, charity, and taxes. The voluntary deductions can be handled procedurally. Taxes would be picked up upon transfer to the regular payroll by submission of new tax cards.
15. There should be a "cut-off" flag when a contract ceiling or end date is about to be reached, and DBFP should be able to exercise absolute expenditure control.
- PM&M's Recommendation - The MSA payroll system can be modified to incorporate this edit and print the Employee Exception Report shown in Exhibit III-6. An employee exception record would be printed for the following circumstances:
    - the contract end date is "X" weeks away (the State must define "X");
    - the employee has been paid within "X" % of the ceiling amount (the State must define "X"); and/or
    - the employee has been paid X% of the ceiling amount. At this rate, considering the contract end date, the employee will reach or be over the ceiling amount before the contract

end date. This information could be generated automatically whenever the cumulative gross amount paid expressed as a percent of the ceiling amount exceeds the percent of hours worked compared to the contract period allowing for a variance of Y% to be determined by the State. This report will be of great assistance in several areas such as:

- aiding the agency and DBFP in taking corrective actions such as extending the contract end date; and
- aiding the agency and DOP in evaluating the employee's performance.

With regard to DBFP exercising absolute expenditure control, this report will provide the information to exercise this control on an employee basis only. That is, if more than one employee is on the contract, an employee will be flagged, but the total contract will not be flagged.

- The Task Force has adopted this philosophy and incorporated it in the Positive Time Report.

16. Payments requested on a date that does not fall between the contract begin and end dates should be flagged as possible "cut-off" transactions.

- PM&M's Recommendation - These edits can be incorporated in the SPS. Transactions which fail the edit will be reported on the transaction error report regularly printed by the SPS. It should be noted that if the State is adhering to proper manual procedures and controls an error should never occur for a payment request after the end date. All parties will have been notified of the approaching end date in the Employee Exception Report and appropriate actions should have been taken.

Likewise, an error should not occur for a payment request before the contract start date. All employee records will be in a pending status until activated by the agency submitting a transaction to indicate the employee has arrived to begin work. Those in a pending status also appear on the Employee Exception Report to remind the agency that action of some type needs to be taken.

It should be noted that these edits will be performed on the employee record and not necessarily the entire contract.

- The Task Force approach will not permit payment for work performed outside contract begin and end dates. A contract amendment would be required. Since there is only one employee per contract per agency, the edits are not ambiguous.
17. Payments requested for an employee who does not have a valid contract control number should be flagged.
- PM&M's Recommendation - This edit can be incorporated in the SPS. Input transactions coded with a Budget Control Number will be compared to the Employee Master File to find matching employee number and Budget Control Number data elements. If no match is found, this error will be reported on the SPS transaction error report.
  - This edit is not required since the employee number is the contract number and without an approved authorization, no payment is possible.
18. Special employee payroll information must be input to the Labor Cost Distribution (LCD) Module similarly to the regular payroll.
- PM&M's Recommendation - The Special Payments Payroll Authorization Form - Coding Sheet has been designed to facilitate establishing labor distribution parameters. Detailed procedures for utilizing this feature will be provided in conjunction with the LCD module implementation.
  - The authorization form accommodates the PM&M data requirements. Implementation depends upon LCD Module availability.
19. The new Special Payments Payroll system should provide for distribution of employer paid fringe benefits such as the State's share of social security taxes and retirement contributions. These items should be distributed to an employee's various activities along with pay.
- PM&M's Recommendation - Implementation of the Labor Cost Distribution module should accommodate this requirement. The Special Payments Payroll Authorization Form - Coding Sheet has been designed to record various types of deduction information. Detailed procedures for implementing this feature will be provided in conjunction with the implementation of the LCD module. However, it must be noted that the State must establish the appropriate D/OE codes in the SPS for employer paid fringe benefits.

- The only distribution required will be for matching FICA payments since all other employer paid fringe benefits are excluded as a matter of policy.
20. The Labor Cost Distribution system must accept and report multiple allocations of an individual's time.
- PM&M's Recommendation - The new LCD module accepts and reports multiple allocations of an individual's time. The Special Payments Payroll Authorization Form - Coding Sheet has been designed to establish the data base for utilizing this feature. The PTR will be replaced by an Exception Time Report on which hours worked will be recorded. The LCD module will then distribute these hours based upon the tabled percentages established in the employee master record via the Special Payments Payroll Authorization Form - Coding Sheet. Details for utilizing this feature will be provided with the implementation of the LCD module.
  - The authorization form accommodates this data requirement.
21. The Labor Cost Distribution module must identify special payments transactions to STARS utilizing the STARS classification structure based upon the labor distribution percentages in the home base accounts.
- PM&M Recommendation - The Special Payments Payroll Authorization Form - Coding Sheet has been designed to establish the distribution percentages and to provide key STARS information. These key STARS data elements can be used to reference "classification look-up tables" and obtain the complete STARS classification structure. A methodology will be developed for coding these "key" data elements in the labor distribution home base accounts so that this requirement can be met.
  - The authorization form accommodates this data requirement.
22. Labor distribution exception reporting must be done for special payments employees.
- PM&M's Recommendation - It appears that the LCD module satisfies this requirement. The LCD process is comprised of two "passes". During the first pass, hours and various dollar amounts are distributed according to the percentages in the employee master record. Exception reports are produced for those employees the agency has previously flagged as requiring additional distribution. The agency must make appropriate adjustments to the LCD module. This must be a very tightly controlled process. Specific procedures will be identified with the implementation of the LCD module.

- The labor cost feature is dependent on the availability of the LCD module. The authorization form will provide the normal input data required.

C. Issues addressed by Peat, Marwick, Mitchell & Co. in their "Recommendations for Enhancements to the Special Payments Payroll Process" - Section IV, State Policy Issues.

1. A consistent means of distinguishing between Regular and Contractual (Special Payments) employees must be documented by the Secretary of Personnel. An official definition of a Special Payments Payroll employee should be developed during this process.
  - The regulation and procedure provide the definition and the documentation.
2. The General Accounting Division must develop operational definitions for use in classifying employees in object code 01, 02 and 08.
  - The regulation specifies use of object 02 for Special Payments Payroll. In addition the budget guidance for fiscal year 1982 requires contractual employees to be budgeted in object 02.
3. A uniform employment contract must be written by the State.
  - A uniform contract instrument was not considered feasible by the Task Force. The regulation, however, mandates certain standard contract provisions and precludes payment for expenses and fringe benefits (other than paid leave) through the Special Payments Payroll.
4. DOP and DBFP must develop a list of articles and sections in the law and agreements with other governmental entities which allow for procedural or deduction exemptions.
  - The regulation requires the agency to cite the statutory basis for exemption. Reports from the system will permit post-audit of claimed statutory exemptions. Deduction exemptions will be handled by employees using standard forms as in the case of all other employees. Students, patients, and inmates are treated as categorically exempt from FICA tax and unemployment insurance eligibility based upon the authorization form.



5. In order to accumulate and report employer (State) paid fringe benefits, the State must assign Deductions/Other Earnings (D/OE) code values for each fringe benefit for which it wants to accumulate data.
  - This is now moot due to the decision that no fringe benefits are payable. FICA categorization will be provided by the coding structures of the authorization form and a FICA exemption certificate to be used by all State employees.
6. A policy must be established by the State Income Tax Division, Comptroller of the Treasury, concerning the availability of blanket tax exempt status to students and inmates.
  - The State Income Tax Division has advised that students, patients, and inmates do not have any automatic exemption from income taxes. Should a person in one of these categories claim personal exemption because he paid no tax last year and anticipates no tax liability this year, an appropriate W-4E would be filed. The implementing procedure addresses this point.
7. A fringe benefit policy, applicable to all contractual employees should be promulgated by the Secretary of Personnel to assure equity and consistency.
  - The Task Force recommendation is that fringe benefits be limited for contractual employees. Paid leave would be permitted but voluntary deductions are limited to deferred compensation (which is mandated by law), savings bonds and United Fund/CICHA which have been available in the past. The only State contribution would be matching of FICA contributions which is required for those employees who are FICA eligible. This policy is incorporated in the regulation and procedure.
8. The criteria for listing employees on the Employee Exception Report (Exhibit III-6) must be determined.
  - As provided in the procedures, no employee would be honored on the time report unless the authorization process was completed.
9. The General Accounting Division must decide whether to encumber Special Payments Payroll on an individual or group basis. We recommend encumbering on an individual basis because special payments are made to individuals. This means agencies must contract on an individual basis.



- The regulation and procedures prescribe a separate contract for each individual with each agency and assignment of a unique contract control number to each contract.

10. The Secretary of Personnel must decide whether to allow blanket exemptions from Personnel approval for students and patient workers.

- The Secretary of Personnel's decision reflected in his January 24, 1979 letter was incorporated into the authorization form.

D. Issues addressed by the Management Analysis Study of Contractual Employment and Related Special Payments Payroll Procedures.

1. Incorporate controls required by H.B. 642.
2. Incorporate modified transaction controls which take into consideration exemptions pertaining to separation of powers, statutory exclusion, and policy exclusion.
3. Establish a second type of Special Payments Payroll authorization form (SPPAF-2) for payroll additions where the contractual employment is exempted from routine control agency approvals.
4. Discontinue use of BB-4 as a mechanism for authorizaing contractual employment and restrict its use to other contractual relationships described in DBFP Policy 02.01.03.

- The Task Force implementation accomplishes these purposes with an authorization form, a supplemental authorization form, a comprehensive regulation, and detailed procedures.

5. Establish a uniform employment contract between the State and the contractual employee as the agreement form for all cases of contractual employment. Standard provisions would include:

- . Rate of remuneration
- . Effective term
- . Ceiling amount
- . Fringe benefits (if any)
- . Withholding tax
- . Rules of employment
- . Position description (Form MS-22)
- The Task Force implementation prescribes in the regulation that the contract must meet certain minimum standards and requires that the Position Description (Form MS-22) and contract be submitted if not exempt from pre-employment review.

6. Require execution of Forms W-4E and MW 507B each calendar year or automatically subject the contractual employee's earnings to maximum income tax withholding.
    - The procedures require that appropriate tax forms be submitted. The law requires maximum tax withholding if they are not received.
  7. Exempt all patient workers from FICA tax withholding. Allow automatic exemptions from FICA withholding for students during the academic year. Permit no other exemptions from FICA withholding unless covered by Social Security Act provision or by an exception contained in the State's contract with the Secretary of Health, Education, and Welfare. All exemptions from FICA withholding would have to be formally requested by the employing agency and approved by the State Social Security Administration. CPB would withhold FICA tax unless a FICA exemption document was received.
    - This is precisely the Task Force approach. The implementation does contemplate a FICA exemption document for exceptional cases.
  8. Budget all contractual employment funds under one Object Code.
    - The Task Force recommends that object 02 be mandated for Special Payments Payroll and budgeting beginning with fiscal year 1982.
  9. Establish uniform policies for granting holiday, leave, and insurance benefits to contractual employees.
    - This is incorporated in the regulation and procedures.
  10. Reduce scale of the Special Payments Payroll by a planned phase out and conversion to the new procedure by July 1, 1979.
    - The implementation plan is addressed in another section.
- E. Issues addressed by the Systems Requirements Analysis - Statewide Payroll System - Chapter V, Special Payments (Contractual) Payroll.
1. The system for processing Special Payments will be part of the Payroll System designed to handle regular employees with only minor differences necessitated by requirements unique to special payments. The system will operate on the current pay cycle. This cycle is separate from the regular processing pay cycle and serves to minimize the peaks and valleys in workload fluctuations and generally smooth the processing schedule.

- This is exactly the approach adopted by the Task Force.
2. A procedure to handle the transfer of deduction information will be devised.
    - As indicated in item B.14, a programmed transfer is not necessary.
  3. In the new system a "Special Payments Payroll Authorization Form" (SPPAF) will be devised which will supplement the BB4 and act as the official document whereby the Department of Budget and Fiscal Planning authorizes the payment of contractual personnel by the Central Payroll Bureau.
    - The Task Force approach followed this same logic but the authorization form replaces the BB4.
  4. In the case of contractual employees who are exempt from the DBFP regulations (BB4 approval), such as student help in the colleges and in-patients in the hospitals, a variation of the SPPAF would be required.
    - The exempt categories are included on the basic authorization form.
  5. The new payroll system will have the capability of flagging and reporting variations between the approved SPPAF and the employing agency's biweekly request for payment in the following areas:
    - when the contract ceiling amount has been exceeded
    - when the agencies request a payment in a period not within the approved beginning and ending time frame for the approved SPPAF
    - when the agencies request for payment of a contractual employee does not match an existing approved SPPAF.
    - The Task Force recommended approach provides warning signals for approved authorizations. In all of the cases cited, payment would be precluded until an approved authorization is processed with appropriate dates and amounts. In the case of existing authorizations which have been exceeded, an amended authorization will be required.
  6. A report will be produced for the DBFP and employing agencies, which will provide management information to be used in the control function over contractual labor expenditures.

- The control report of the Task Force is incorporated with the time reporting mechanism so that agencies have a proper management tool for their use on a biweekly basis. These reports plus special reports can be furnished by the Department of Personnel and the Department of Budget and Fiscal Planning.
7. The payroll system will also have the capability of exercising absolute expenditure control (i.e., payment denial) ....
    - As indicated in E.5., this is the method selected by the Task Force.
  8. Another feature of the special payments payroll in the new system will be enhanced payroll certification report. The new report for contractual employees will require less work by each agency payroll clerk.
    - This principle has been incorporated in the Task Force approach. The SPP system will do all calculations and apply all taxes in a manner analogous to the regular system.
  9. Optional detailed labor cost distribution data for contractual employees will be input to the labor cost distribution system in a manner analogous to that for regular employees.
    - The design encompasses this capability but is dependent upon the availability of the LCD Module.
  10. Another feature will be the automation of the distribution of charges for budgetary accounting. Based upon information captured from the SPPAF, the distribution development will be a by-product of the payroll processing.
    - This feature currently will distribute to one budgetary account. With the full LCD capability it will be more flexible.

F. Comments by the Department of Personnel on the May, 1980 Interim Report.

1. Exemptions should not be included in a regulation governing this subject. The Secretary of Personnel should have the ability to add or to amend exemptions in a more timely fashion than would be possible through the Maryland Register process for amending regulations. Therefore, exemptions should be published in a separate document by the Secretary, since he has the responsibility (under Section 15A of Article 64A) for determining exemptions.

- Recognizing the need for flexibility, permissive language was added in Section .04S to provide for deviations. The regulation does include all known exceptions because of the Task Force's conviction that a single source of policy should exist.
2. Regarding fringe benefits, other than those mandated by statutes, health insurance coverage should be provided for contractual employees, but no other fringe benefit should be provided (e.g. annual or sick leave). The rationale for inclusion of health insurance rests primarily on the cost/benefit consideration, i.e. it will be cheaper to include contractual employees in the State's group policy than to provide a compensation offset for individual coverage. Health insurance coverage will only be provided for contracts extending six months or longer to be compatible with treatment of TE (temporary extra) employees.
    - The Task Force has modified its view on fringe benefits to permit paid leave after six months of employment when specified in the contract. However, health insurance coverage is difficult to administer when employment is not continuous, causing a burden on the State and the health insurer. It appears more appropriate to consider this as a compensation factor in establishing the contract.
  3. The regulation on point should be published as a Department of Personnel Regulation since the only underlying legal basis exists in Section 15A of Article 64A.
    - This is the task force recommendation but also recommended is Board of Public Works approval as a part of the regulation publication process.
  4. Requests for contractual employment must be for more than six months duration. Employment needs for six months or less duration should be handled as TE employment.
    - This concept has been added to the policy section of the regulation with one significant change, the addition of "Normally" before the statement. The task force does not believe that all employees who are engaged for less than six months are always appropriate candidates for TE status. Section 1 of Article 64A of the Annotated Code specifically excludes persons employed by contract to render a temporary special service where such contract is certified by the Secretary of Personnel to be for a service that could not in his judgement be rendered by a person in the classified service. In addition to special skills not available in the classified service, students, patients, and inmates employed for less than six months are probably more appropriately contractual employees.



5. Aside from payments for contractual employment, the Special Payments Payroll will only include payments for beneficial incentive awards.
  - This is the intent of the task force but there are conceivably other circumstances where Special Payments Payroll would be used, such as for payments to State mobilized National Guard forces.
6. All information storage and retrieval requirements will be met by the Central Payroll Bureau without need for duplicate automated files maintained by the Department of Personnel.
  - As long as the controls recommended are considered adequate, the Central Payroll Bureau data base should satisfy the needs of the Secretary of Personnel.
7. If work is performed by a "contractual employee", but the contract is subsequently disapproved, the employee should be paid after reasonable (e.g. two week) notice to the hiring agency. An alternative would be EM/prompt pay through the regular payroll (rather than Special Payments Payroll).
  - The situation envisioned should not occur under the regulation. In the rare instance of it occurring, the task force recommends that the Special Payments Payroll be used with a unique code to identify the nature of the payment.
8. Five business days processing turnaround by the Department of Personnel is a reasonable commitment, providing all required documentation is provided in advance by the hiring agency. Future activity/work flow will need to be analyzed to determine whether or not this is feasible in view of workload fluctuations.
  - A note has been added to the executive summary and the procedure to recognize that the scheduled turnaround is subject to revision based upon experience.
9. Further implementation is dependent upon Central Payroll Bureau capability and Department of Personnel securing additional necessary resources.
  - It is the view of the Task Force that the regulation should not be published until the data system is in place and resources are certified by all three parties to the system. The resource issue has not been totally addressed by this report except to attempt to design a system that carries out the legislative intent with a minimum of resources. In this regard, the



Department of Personnel may not have fully assessed its post audit staffing requirement since the integrity of the system is guaranteed by the effectiveness and aggressiveness of the post-audit function.

G. Comments by the Department of Budget and Fiscal Planning on the May, 1980 Interim Report.

1. The definition of "contractual employee" given in the draft regulation appears to exclude people already working for a State agency.
  - DBFP Position - Redefine the term "contractual employee" to include persons engaged in secondary employment within State service. (See COMAR 06.01.01-54)
  - The definition of contractual employment has been revised to include approved secondary employment under COMAR 06.01.01.54.
2. The definition of "Employer-Employee Relationship" contained in Section 02J of the draft regulation may not comply with Federal Regulations and IRS definitions of employer-employee relationship.
  - DBFP Position - The Attorney General should review this definition and all applicable Federal regulations.
  - The Task Force concurs but believes it should be handled by the Department of Personnel as an integral part of the regulation publication process.
3. Agency personnel need guidance in determining the existence of an employer-employee relationship.
  - DBFP Position - Guidelines for determining the existence of an employer-employee relationship should be included in the written SPP procedures which supplement the definition given in the SPP regulation.
  - Guidelines have been added to the procedure.
4. Section 04D states "No more than one person may be employed under one contract." This could lead to large volumes of paper being processed by the agencies (e.g., colleges, hospitals, etc.) with large complements of contractual employees.
  - DBFP Position - Provision should be made to permit listing multiple employees on one piece of paper. Each employee contract could still be identified with a unique contract control number assigned by CPB during processing.

- A multiple employee authorization form for control agency approvals has been designed to simplify the procedure. A standard employment contract can be utilized for students at the colleges and universities. The separate employee level authorization form is still needed since employee information is unique.

5. Section 04G - "The term of any contract...shall not exceed twelve months."

- DBFP Position - The term of any contract should be the term of expected employment of the employee in performing the specified function. However, among other things, the duration of the need for performing the specified function could affect the decision by DOP to use contractual, classified, or unclassified employees. In our opinion, contracts with terms up to a maximum of three years do not require control agency approval provided the first year cost does not exceed the limits for a fiscal exemption and funds are provided in subsequent years' budgets. Such multi-year contracts must provide for automatic termination on failure of the General Assembly to provide funds in the State budget to pay the contract costs.
- The limitation on the contract term has been deleted in the final report. The control of first year cost and expedited control agency approval is more appropriately addressed in the use of an annual plan suggested in item 11 of your comments. The controls suggested can best be accommodated through the use of the annual plan, expedited control agency approval and effective post-audit.

6. Section 04J7 - Fiscal exemption is not clear.

- DBFP Position - Section 04J7 should be clarified to specify exemption for contracts where:
  - a. the person is not employed under any other contract with the agency, and
  - b. the bi-weekly rate of remuneration does not exceed the bi-weekly base rate for salary grade 13, and
  - c. the total cost of the contract or first year cost of a contract exceeding 12 months does not exceed the base annual salary of the lowest graded State employee.
- The fiscal exemption has been clarified with only editorial changes to facilitate implementation.

7. Section 04P - "Fringe Benefits are not applicable to contractual employees." There are circumstances where some fringe benefits are both fair and required.
- DBFP Position - Since use of the SPP presumes the existence of an employer-employee relationship between the State and the contractor, it would be patently unfair to refuse long term contractual employees any form of paid leave. We recommend permitting contractual employees who are engaged in long term contracts (i.e., in excess of 18 months) or who have uninterrupted service in excess of 18 months on consecutive contracts, to earn and use paid leave. We recommend such employees be granted a maximum 10 days paid leave per year after the first year of uninterrupted service. Additional paid leave at the rate of one hour per each 26 hours of service may be earned after the first year. Use of such leave would be subject to the usual rules of supervisory approval applicable to leave usage by regular classified State employees.
  - The Task Force has modified its view on fringe benefits to permit paid leave after six months of employment when specified in the contract. The nature and amount of leave could vary dependent on the contractual negotiation. A flat rule to grant paid leave in the same manner and nature as for merit system employee does not appear to be appropriate because of the nature of contractual employment, i.e. to obtain temporary special service that cannot be rendered by a person in the classified service.
8. DOT is required to obtain BPW approval on all contracts, therefore, DOT contracts should be exempted from SPP regulation.
- DBFP Position - Section 04J should contain an exemption from control agency review and approval of any employment contract approved by the BPW.
  - This exemption has been added.
9. Processing time for control agency approvals.
- DBFP Position - We agree with the two day differential allowance for processing by DOP. However, DBFP considers 3 days processing time as too stringent a requirement. We recommend 8 days for DBFP and 10 days for DOP processing as more realistic.
  - A note has been added to the executive summary to recognize that the scheduled turnaround is subject to revision based upon experience. The Task Force feels that the approval span of approximately one month suggested in the comment is

not in the best interest of the State because of the inability of an agency to commit to an appropriate applicant in a timely way.

10. A situation may arise which requires deviation from the regulation in the best interest of the State.
  - DBFP Position - Permissive language should be included in the regulation which permits deviations with the explicit approval of the DBFP and DOP after providing adequate written justification for the requested deviation. Such approval must be obtained prior to contract award.
  - Permissive language has been included.
11. As drafted, the regulation allows an agency to staff an entire program with contractual employees by submitting individual contracts one at a time over a period of time each carrying its own marginal justification.
  - DBFP Position - The regulation should contain permissive language allowing DOP and/or DBFP to require agencies to submit annual plans for the use of contractual employment during each fiscal year. The information contained in the SPP master file could then be used to generate reports to monitor actual expenditures vs. planned expenditures. The level of detail in the plan could be such that once the plan was approved by DOP and DBFP, the agency could proceed with the individual contracts with expedited control agency approval, provided they were part of the approved plan.
  - This language has been added. The use of an annual plan is endorsed as a vital and necessary part of the personnel, budget, and expedited control process. The post-audit function is the means to reduce or avoid abuse. There is only a finite amount of control that the payment mechanism can be expected to achieve without grinding to a halt.
12. The draft regulation makes no mention of any sanction which could or would be imposed on any agency for non-compliance with the regulation or even outright abuse of the SPP system.
  - DBFP Position - The only sanction available to the control agencies is the denial of the use of exemptions by the offending agency. Imposition of such a sanction might strain the resources of the control agencies. However, it is hoped that the resulting increased level of inconvenience will act as deterrent to agency abuse or non-compliance.

- Sanctions have been provided in the final report. Practically speaking, there must be unanimity of opinion in the control agencies since denial of exemptions must be absolute and review processes will become burdensome with increased volume.

13. Section 04B requires certification of funds availability and identification of the source in the agency budget. If the funds for a given contract are identified in the approved budget, it would appear to be an unnecessary duplication of effort to require DBFP approval a second time prior to contract award even though the fiscal threshold specified in Section 04J7 is exceeded.

- DBFP Position - The fiscal threshold specified in Section 04J7, though based on the best data available at this time, is considered somewhat experimental and subject to modification. Depending upon an evaluation of our operational experience with this threshold as an effective control device, contracts that are in budget supporting documentation might be exempt from DBFP review or the fiscal threshold may even be eliminated entirely.

- The concept of an annual plan suggested in comment 11 is heartily endorsed and is the vehicle to permit the use of clerical personnel to reduce the impact on the budget analyst on a recurring basis. In order for a system of controls to operate successfully, the control agencies must act in unison and make the reviews that they commit to do in regulation and procedure. If the threshold is too high or low, it should be adjusted after appropriate notice to all agencies.

VII. RECOMMENDED IMPLEMENTATION SCHEDULE



## VII. RECOMMENDED IMPLEMENTATION SCHEDULE

### A. General

In order to develop a practical schedule this section of the report enumerates the major tasks to be accomplished and then makes some assumptions regarding resource availability and start date to arrive at a projected implementation date.

### B. Tasks

	<u>DESCRIPTION</u>	<u>ESTIMATED HOURS</u>	
		<u>Implementation Group</u>	<u>Development Group</u>
1.	Develop general system design to incorporate concepts, procedures, and enhancements based on approved task force report.		120
2.	Review of detailed system design.	40	
3.	Develop forms and procedures (final versions).		60
4.	Review of forms and procedures.	40	
5.	Design and program a SPP authorization interface to prepare source data for data entry into and processing by current (MSA) payroll system.		220
6.	Design and program a Positive Time Report input interface to prepare time reports for processing by current (MSA) payroll system.		120
7.	Design and program the printing of Positive Time Report with the report elements included.		220
8.	Design and program special control reports.		220

9.	Modify current (MSA) file structures and programs to include and process data elements which are peculiar to the Special Payments Payroll process.		
a.	Incorporate new user segment data elements in "validate" and "update" programs.		400
b.	Modify formatted file dump programs.		160
c.	Modify the Special Reports Generator.		160
10.	Review and approval of program and file logic.	160	
11.	Prepare implementation plan.		120
12.	Review and approval of implementation plan.	20	
13.	Develop job streams, full job documentation and install programs in operational mode.		120
14.	Perform low and high volume system tests of the new Special Payments Payroll System.		200
15.	Review and approval of systems tests.	100	
16.	Conduct training for Central Payroll Bureau, the Department of Personnel, and the Department of Budget & Fiscal Planning and all agencies.	240	40
		—	—
	Sub-total Hours:	600	2,040
17.	Allowance for Liaison and administration (10%).	60	204
		—	—
	GRAND TOTAL HOURS	660	2,244

C. Schedule

Assuming prompt approval of the task force report and the ready availability of development personnel, the new policies and procedures could be developed, tested and implemented within twelve months or approximately January 1, 1982.

As a critical review of the major tasks reveals, the translation of a concept into reality involves substantial detailed development, testing, training and installation to be successful.